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On time  
With Capper-Neill  
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No. 26,937

Monday April 5 1976

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## FINANCIAL TIMES

### GENERAL

## Not too late for Smith-Ennals

Mr. David Ennals, Foreign Office Minister of State, returned yesterday from his meetings with President Nyerere of Tanzania and President Michel of Mozambique with the message that there was still time to ensure an orderly transfer to a non-racial society in Rhodesia if the Europeans there could "come to terms with their situation."

Of his talks with the African leaders, Mr. Ennals said there was a broad measure of agreement on Rhodesia. "Certainly we agreed that the pressures on the illegal regime must be maximised," he said.

Mr. Ennals emphasised, however, that there was general recognition that in the absence of a settlement, the guerrilla war could drag on for a long time although the outcome would be the end of white minority rule.

### Welensky III

Sir Roy Welensky, 69, former Prime Minister of the Central African Federation who is visiting Britain, has a slight heart condition and is in London's Harley Street Clinic.

In Johannesburg, Mr. James Kruger, South African Justice Minister, said that the Government was considering the release of Nelson Mandela and other black nationalist leaders who are serving sentences in Robben Island prison.

### 150 arrested

Violent riot in Madrid, Barcelona and Bilbao resulted in the arrest of at least 150 people, many of whom were taken to the country's prison system. A BBC TV team in the Palace Hotel when police moved in, rubber bullets, tear gas and baton charges were used against Left-wing demonstrators in Madrid and Barcelona. In Bilbao, a extreme Right-wing demonstration bombed three shops. Page 7

### Fighting disrupts Lebanon truce

As sporadic fighting, kidnappings, murder and looting continued to disrupt the unspoken 15-day truce which began in Lebanon last Friday, the country's Muslim and Christian leaders appeared to be no closer to finding a political solution to the year-old crisis. From Paris, where he is holding arms supply talks with President Ghazi K. Haddad, President Sadat of Egypt appealed to President Fawzi of Lebanon to end the crisis. Page 7

### Italian yacht due to-morrow

CS 6 RB II Bussolini, Italian yacht, is due to arrive in London tomorrow. The yacht, which was seized by the British Customs, is expected to cross the finishing line at Dover tomorrow morning after 107 days at sea.

### Gun-run move

A team of U.S. Customs men arrived in London yesterday to inspect a large consignment of arms and money reaching the U.S. British and U.S. officials will exchange information.

### Briefly...

Mike of Albuquerque, the 57-year-old Spanish amateur boxer, who was injured when his horse, Norel, fell during the Grand National, is "conscious and comfortable," Walton Hospital, Liverpool, reported. Report and today's racing. Page 2.

Mr. Brian Croxall, 46, Minister of State in the Department of Health, was collapsed in the Commons on March 23. He is still seriously ill in the National Hospital for Nervous Diseases. Earl of Snowdon arrived at London's Heathrow airport from Australia last night.

### BUSINESS

## Ministers to meet on EEC budget

EEC Foreign and Finance Ministers will hold a joint session in Luxembourg for the first time today to try to agree on priorities for next year's budget.

Britain and West Germany see the exercise as part of a new determination to keep tighter control on EEC spending and ensure that it is politically justified. Back Page

BRITISH STEEL Corporation will receive a £7m. loan from the EEC to help finance blast furnace development at Port Talbot, South Wales. This brings total loans approved for the industry since Britain joined the EEC to nearly £400m. Page 4

### £9m. contract from Dubai

DUBAI has awarded a £9m. contract to Bernard Sunley for a medical services complex, one of the biggest of its type in the world. Back Page

SHIPPING INDUSTRY leaders have told the Government that the gap between shipbuilding prices in the U.K. and abroad must be closed before a steady flow of orders is likely. Back Page

CONCORDE's global flight network will expand on Friday when Air France starts a weekly Paris-Casablanca service via the Azores. Page 4

ENGINEERING EDUCATION courses in the U.K. concentrate too much on research at the expense of design, according to a Design Council booklet. Page 4

### CBI hopes for export boost

CBI BELIEVES that a potentially sustainable export-led recovery is underway. Its latest economic assessment contrasts with the recent gloomy predictions of the Cambridge group. Back Page

TRADE UNIONS should have the right to decide, company by company, whether to take part in the new supervisory Boards, says the TUC in supplementary evidence to the Bullock Committee on worker participation. Page 9

A BRIBE has been offered at some time to one in five of the 150 U.K. managing directors who took part in a survey by the magazine Business Administration. One in five also claims to have lost business through bribery by competitors.

CREDITORS, including U.K. Government representatives, will meet in St. John's, Newfoundland, today to salvage what they can from their investment in the oil refinery at Come By Chance, which is in receivership. The U.K. Government guaranteed British bank loans of about £50m. (£25m. is responsible for a \$110m. (£59m.) mortgage.

### COMPANIES

AXEN BANK, London-based subsidiary of American Express, has taken a 30 per cent. shareholding in the Edinburgh investment management company, Ivory and Sime. Back Page

MR. JIMMY GOLDSMITH, acting chairman of Slater Walker Securities, hopes to give up his position as soon as possible. Report that he would leave within three months was described yesterday as "speculative." A permanent successor has not yet been found.

CHARLES CLIFFORD, 41, director of State in the Department of Health, was collapsed in the Commons on March 23. He is still seriously ill in the National Hospital for Nervous Diseases. Earl of Snowdon arrived at London's Heathrow airport from Australia last night.

THE THIRTY-NINTH meeting of the Arab Boycott of Israel Office ended over the weekend with a two-day respite before Saturday's winding up meeting.

Ford is important as a symbol of something which the Egyptian Government desperately wants—U.S. investment in Egypt. The company's proposal, backed by the U.S. Administration, to make 20,000 diesel engines with an assembly operation making 10,000 trucks a year in Egypt, cannot go ahead unless the boycott is lifted.

The proposed Ford operation in Egypt is of interest to Britain since the engine concerned is the Dorset engine made by Ford at Dagenham.

The boycott office has been under pressure from the Egyptian Government to strike off the list. The company has no operations in Israel but its main Israeli dealer imports and assembles semi-knocked-down vehicles.

Barclays Bank is in a different position. It has been operating in Israel since the days of the British mandate and is the main commercial banker for Arabs in Israel.

Mr. Mahgoub clarified Bar-

# Jones backs call for more flexible incomes policy

BY ROY ROGERS, LABOUR CORRESPONDENT

Mr. Denis Healey, Chancellor of the Exchequer, will put the finishing touches to his Budget to-day safe in the knowledge that the main trade union leaders are gradually coming round to his way of thinking on what should replace the £6 pay policy expiring at the end of July.

Detailed discussion on the next wages policy will take place after to-morrow's Budget, but it is clear from recent speeches by union leaders that what is likely to emerge is a combination of a flat rate and a percentage—a mixture which the Chancellor is known to favour.

The most significant indication of changing union attitudes came at the week-end from Mr. Jack Jones, general secretary of the Transport and General Workers' Union, architect of the £8 flat rate and, until Saturday, a proponent of a further period of flat-rate rises.

In a keynote speech at the opening of the union's new Midlands offices, Mr. Jones spoke of the need for "some flexibility" in the next phase of pay policy.

"In any policy for next year it would seem essential to maintain an element of flat rate increase to ensure social justice, but to maintain the necessary unity it seems there is now a need for some flexibility in the policy."

He told TGMU officials representing many of the thousands of Midlands car workers made idle last week by pay disputes attributable, at least in part, to the rigidity of the existing pay policy. Provision should be made for a margin to allow for improvements in productivity and some movement of differential payments against proper evaluation of work performed.

Similar calls for flexibility have come from Mr. David Bennett, general secretary of the General and Municipal Workers' Union, and from Lord Allen, general secretary of the Union of Shop, Distributive and Allied Workers and chairman of the TUC economic committee.

In his union journal published to-day, Lord Allen writes of the "strong case for acknowledging the need for a relaxation of differentials and productivity deals."

When the TUC general council debates pay policy later this month there are certain to be calls, especially from the payments unit, for the next policy to be on a percentage basis only.

Mr. James Callaghan, confidently expected to take over as Prime Minister to-night, intends to make an immediate appeal for national support for the Government's efforts to overcome the economic crisis.

The Foreign Secretary, who now appears likely to defeat Mr. Michael Foot by 30-40 votes in the final round of Labour's leadership election, will be given his first detailed account of the Government's crucial Budget strategy at a Cabinet meeting this morning.

Mr. Harold Wilson, for the last time as Premier, has called Cabinet Ministers to Downing Street to hear Mr. Denis Healey, Chancellor of the Exchequer, outline the contents of to-morrow's Commons statement.

But Mr. Callaghan, while leaving the Budget machinery in the Chancellor's hands, aims to strengthen the Government's hand with the rallying call for national unity.

The Foreign Secretary spent yesterday at his Sussex farm preparing for possible television and radio broadcasts as soon as he takes over as head of the Government.

Mr. Callaghan intends to restore the confidence which has been shaken by the uncertainty of the leadership election and the motor industry's recent troubles.

He is expected to reassert the Government's determination to continue the fight against inflation and unemployment; to demonstrate his faith in the alliance with the trade unions; and to appeal for the country's full support in the difficult period ahead.

Mr. Callaghan is also likely to put his own stamp firmly on the Government's future with Cabinet changes that will reiterate any idea that he intends to act as a "caretaker" Prime Minister.

The reshuffle, for some time at least, will be restricted by a number of considerations.

Mr. Michael Foot's unexpected, large and widespread support in the leadership election has put his position in the Government's relations with the unions well in fact, if not in name. His presence should prevent any onslaught against the Labour wing.

Mr. Healey, despite his elimination from the leadership contest, remains a powerful figure as the architect of the Government's economic policy and cannot be moved without serious repercussions.

Nor can the incoming Prime Minister, in the present political situation, risk any by-elections by removing long-serving Ministers to the Lords.

The scope of the changes is thus unlikely to extend far beyond a replacement for Mr. Callaghan himself at the Foreign Office and a few other moves consequent on that choice.

Both Mr. Roy Jenkins, the Home Secretary, and Mr. Anthony Crosland, Environment Secretary, have been tipped for the post of Foreign Secretary.

Alternative moves suggested for Mr. Jenkins have also included responsibility for the Government's devolution policy or, out of politics, into the Presidency of the EEC Commission.

Mrs. Barbara Castle, Social Services Secretary, and Mr. William Ross, Secretary for Scotland, are widely regarded as candidates for early dismissal; while Mr. Merlyn Rees, Northern Ireland Secretary, has obviously strengthened his prospects for promotion by his management of Mr. Callaghan's election campaign.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, Britain's second largest union, declared last week that if there was no alternative to a second stage of pay restraint his union would probably argue for percentage-based increases.

The precise policy of the AUEW and several other big unions will be decided at annual delegate conferences, some of which take place before the special TUC conference being arranged for June which will be asked to endorse whatever proposals finally emerge from the general council.

Union leaders will be looking to to-morrow's Budget to help create the right atmosphere in which to persuade their members to agree to another year of voluntary pay restraint. They have asked the Chancellor to initiate controlled growth by injecting £1.8bn. into the economy and introduce selective import controls, higher pensions and tax concessions for the lower paid.

Another TUC demand is that Mr. Healey should set a target of reducing unemployment levels to 600,000 by 1978.

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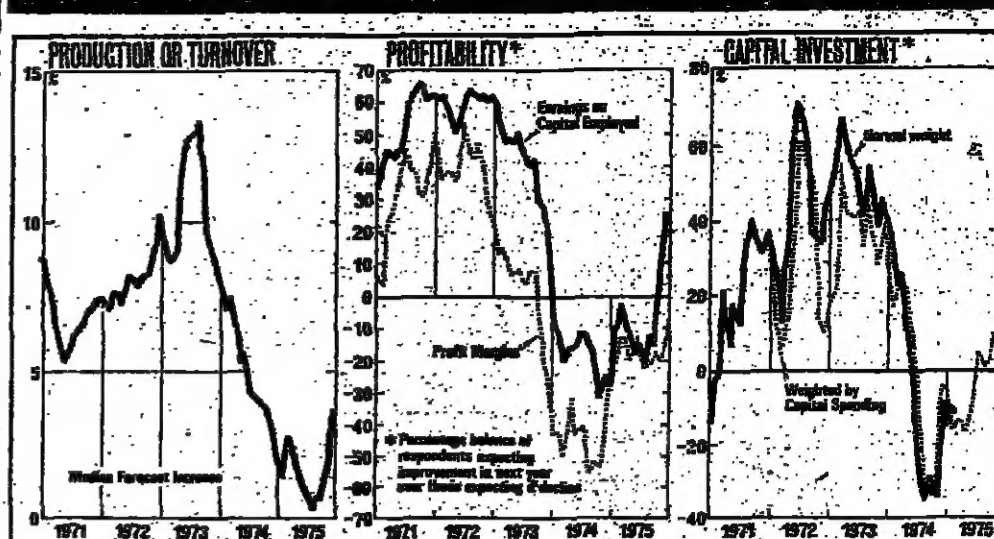
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## FT Monthly Survey of Business Opinion



## Recovery hopes stronger

A DEFINITE recovery in industrial activity in the U.K. with deliveries, orders and stockbuilding all pointing to a revival, is suggested by the latest FT survey of business opinion, out this morning.

Two further themes of the survey are that businessmen expect a further deceleration in the inflation rate, and that—in the revival of output now reported—higher exports are likely to play an important part.

The survey adds to the evidence that industrial activity is turning up well in advance of the Budget, and it also suggests that the worst is now past in industrialists' plans for both capital investment and taking on more labour.

But it is still likely to be some time before both the capital expenditure and employment has risen since they were last interviewed four months ago.

As stockbuilding commences in some sectors, however, there are already certain worries being expressed about current liquidity. However, more confidence is being shown about the trend of profit margins in general over the next 12 months, particularly in the construction and building and food, drink and tobacco sectors.

One potentially worrying aspect of the survey is that, despite the continuing improvement in confidence over the inflation battle, companies are still expecting the median price increase in the next 12 months to be in double figures. This is before allowing for the added effects of last week's slide in sterling.

In all these sectors the percentage of firms working at or above planned capacity levels has risen since they were last interviewed four months ago.

The changed climate is brought out both in the four-month moving average for the entire sample of British industry, and in the particular sectors surveyed in depth this month—building and construction, food and tobacco, and clothing.

Details, Page 30

## EARNINGS ON CAPITAL

Those expecting earnings during current year to:	4 monthly moving total				March 1976			
	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing & Clothing	
Improve	41	37	25	27	47	46	73	
Remain the same	34	34	19	24	46	52	12	
Contract	15	31	40	49	—	2	15	
No comment	10	18	16	10	7	—	—	

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## Suspense in currency markets

ANOTHER NERVOUS period in the exchange markets is expected by dealers ahead of the Budget, especially after the experience of Friday when relatively light selling caused a sharp drop in sterling.

The market believes the authorities are reluctant to commit any sizeable funds to supporting the exchange rate after the loss of more than \$1bn. from the reserves during March when a large holder is believed to have switched out of sterling.

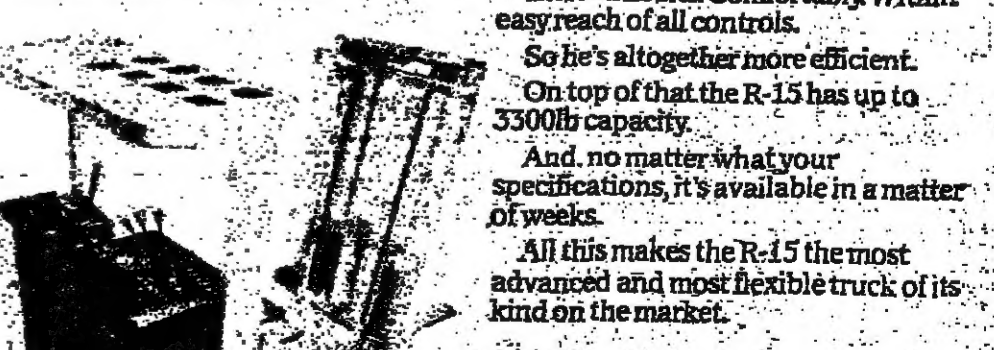
While the end of the Leyland strike and the probable election of Mr. Callaghan as Prime Minister are encouraging factors, the German and Japanese—now recovering strongly against a backdrop of improving internal balance, such a policy is bound to make sterling relatively attractive.

The continuing debate in Luxembourg about whether the British should support a German call for monetary discipline and wanted further European action against unemployment has not helped to build the belief that the Government still clings to its own policy of a determined attack on its deficit and on the balance of payments.

With other economies notably clarified official policy.

## THE R-15 ISN'T JUST ANOTHER REACH TRUCK. IT'S A WHOLE RANGE.

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# The Patent men's case and EEC: deep water ahead

BY JUSTINIAN

THERE HAVE been periods in our island history disfigured by acute xenophobia. But contemporary Britain has displayed a conscious effort to put aside feelings of hostility towards foreigners. The Race Relations Act of 1968 specifically outlaws discriminatory practices on the grounds of a person's national origins. Parliament, however, did not proscribe discrimination on the grounds of nationality, no doubt aware that dotted around the statute book, there are provisions that disadvantage the alien both at the gate and in our midst.

A recent ruling by the Comptroller of the Patent Office has, however, brought home forcibly that one of the consequences of our membership of the EEC is that those nationals of Common Market countries seeking employment in this country cannot be debarred from their chosen occupation because Parliament has provided that only British subjects may qualify. Statutory rules made in 1964 under the Patent Act provide that the Chartered Institute of Patent Agents cannot accept, as a candidate for the examination to become a patent agent, any person who cannot establish that he is a British subject or a citizen of the Republic of Ireland. Accordingly, when a citizen of the Federal Republic of Germany applied in 1973 to sit the Institute's examination the Registrar of Patent Agents declined to accept his candidature.

## Security

Nationality restrictions in relation to patent agents were first introduced in 1919 because it was then thought that the profession of patent agents offered special opportunities for obtaining information of a secret kind that might adversely affect national security. Whatever justification there might be for such a policy consideration in the 1970s, the European Community law has effectively ruled out such considerations of state security as a ground for discrimination.

Quite apart from the Treaty of Rome, the U.K. has signed the European Patent Convention which is dominated by the EEC

masters of ships applying for pilotage certificates. At, for example, Liverpool or Southampton, solely on the grounds that they are not British subjects. Even if they show that their English is near perfect, and that they are entirely competent to pilot their ships into the relevant port authorities. This means that charterers and shipowners have to pay pilotage dues each time they hire a licensed pilot at the port of entry in the U.K.

The problem of pilotage is complicated by the provisions of the Treaty of Rome stating that freedom to provide services in the field of transport are governed by special provisions dealing with transport. In so far as any matter falls within the common transport policy of the Community, the specific prohibition against discrimination on grounds of nationality are not directly applicable. The question is whether pilotage comes within the scope of the common transport policy. A resolution of the European Parliament in 1972 on a common port policy envisaged the incorporation of pilotage activities within that policy.

Owned, as was the 1983 winner, Ayla, by Mr. "Easy-Weasy" Raymond, the only man this century to have turned out four National winners, Rimel, who rode a good many winners for Mr. Raymond in the 1930s, was the last National winner. The National, for which there was a record first prize this year of £37,420, was won by ESB (1983), Nicolas Silver (1981) and Gay Trip (1970).

Soft ground at the Curragh having caused Vincent O'Brien to re-route the Turfway to Newbury, the Turfway at Newbury, a fascinating race, is in prospect for this classic trial, which seems sure to shed some light on the 2,000 Guineas, in just over three weeks' time. Malinowski, a third favourite for the 2,000 Guineas, will be ridden by the highly-rated Buckpasser colt. Over To You, in the Craven, in addition to the Observer Gold Cup winner Take Your Place and the Flindon-trained Whitelighter.

Sir Gordon Richards told me at the May issue of the Common Market Law Reports.

## RACING BY DOMINIC WIGAN

# Red Rum to try for National again

RED RUM, who was cheered on by the vast majority in the 50,000-strong Aintree crowd and millions of television viewers, and almost succeeded in landing a third Grand National on Saturday, will be back at Liverpool in a year's time.

Donald McCain's extraordinary 11-year-old, the winner in 1973 and 1974, second in 1975 and again runner-up this time, produced his best performance of the season on Saturday when just failing to give Rag Trade 12 pound. It is no surprise that McCain is looking forward to another tilt at the prize.

Red Rum, who must now surely rank as the greatest ever chaser over the 4 miles National course and its 30 fences, is expected to go next for the Whitbread Gold Cup at Sandown, in three weeks' time. A second possible target for Mr. Noel le Mare's Quorum gelding is the Irish Distillers' Grand National at Fairyhouse. But I shall be surprised if his connections decide to send him to Ireland, where the 31-mile trip is unlikely to bring out the best in him.

Rag Trade, whose victory was owed primarily to those four invaluable commodities here, namely, stamina, jumping ability and luck in running, is another who could go for the Irish Grand National, in which Prolin (brought down when going well at Bechers second time round) is a likely starter.

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## SOCCER

## FA CUP SEMI-FINAL

# Two wingers for Wemb

BY TREVOR BAILEY

THE EAGERLY awaited meeting with United's pace and skill causing Derby many problems, down the left-wing, led to a goal from centre.

Manchester United and Derby County failed to live up to expectations. Once again, semi-finalists turned what should have been a major footballing feast into just another match, with an especially indigestible second half containing more fouls than fair.

The young Manchester side thoroughly deserved their 2-0 win, even if they were below their best. Both goals were scored by their clever, perky left-winger Hill. What was so disappointing for Derby supporters was not only the completeness of the defeat but the fact that their side can seldom have played so ineffectively, but that they also lost a number of unpleasant fouls.

The referee, Mr. Jack Taylor, like most of his players, also had an off-day. He ignored a whole series of dubious tactics, which inevitably led to retaliation the closing stages, and the game started promisingly.

Lee's first kick crippled United left-back Houston, who later repaid him with interest, but he also initiated one of the few more.

# Style and aggression save re

BY MICHAEL THOMPSON-NOEL

AT LEAST the lead-up to the Wembley Final will be mercifully free of Malcolm Allison's jokes, the gibes and the silly-billy bait in tepid sunshine at Stamford Bridge, Crystal Palace were tipped out of the Cup by two second-half goals in five minutes.

So it is Southampton, under the mellow management of Lawrie McMenemy, who meet the Derby boys, while Palace re-address to the struggle for promotion from Division III.

FA Cup semi-finals are often tense affairs in which soccer is overshadowed by the importance of the result. This game was no exception, although Southampton's style and aggression came to the fore as the tedium of a replay.

Although probably stuck in Division II for another year, Southampton can afford some summer shopping, although a forward line that boasts Gills, McCall, Channon and Osmond hardly needs much re-

Under the earlier management of Ted Bates, a master at buying cheap and selling dear, Southampton quickly earned the affection of their bank manager. They have no overdraft and they make a profit. Even before the week-end, their Cup run was showing a net profit of £35,000 after all expenses and bonuses.

Saturday's semi-final at Chelsea and Wembley, however, was a record £24,000, so Southampton will probably net another £10,000. The first half against Crystal Palace was not so much subdued as somnolent. Channon was promotion yet.

Sale's semi-final against Gosforth began with a very early goal, but the bald mistakes by Young, Breaker, and Dixon taking plenty of ball, three tries late in the

Young, who kicked the penalty, and added another for his five after this incident. Sale played their best rugby, with Drake nearly scoring after Baker had come into the line.

Rule had given Sale an early lead but the pattern of the game was clearly set by Gosforth's relentless forward pressure and their patient waiting for the mistakes. Fortunately for Sale, Baker's full-back was in tremendous form.

Gosforth are an efficient team if unexciting to watch, but it was a revelation to see such a well-drilled English club pack. Madsen, Scott took the scrums so easily that Cotton switched to loose-head late in the second half.

Gosforth also used the long line-out well, with Preston (replaced later by Richardson) Gosforth might have had two or

# Rosslyn Park rely on power

BY STUART ALEXANDER

ROSSLYN PARK'S achievement in reaching the knock-out competition final for the second successive year is evidence enough of this club's consistency. But although their ability to beat Wakefield in the semi-finals was never in doubt, the manner of that win gave rise to considerable frustration.

The 12-3 margin reflected Park's inability to turn massive superiority into points, against Wakefield's heroic work-rate. Park have a big pack of forwards and on the first set scrum, Cusworth worked tirelessly to beat Wakefield with punishing defensive kicks, and snatch half-chances for breaks which kept Park well inside their own territory for much of the first half.

Yet it was the patchiness of Cusworth's play that gave Park their first try as they failed to touch down behind his own line. Ad Park scrum half Weston, straddled it for him, calmly adding the extra two points for the conversion.

The second try was a first class example of a short penalty taken near the Wakefield line making less heavy work for the Park forwards and carried by the Park forwards and carried

# French economic planning a warning for Britain

BY ADRIAN HAMILTON

THE GOVERNMENT'S latest exercise in co-operative planning through "the industrial strategy" is in danger of ignoring the lessons of the French experience on which it is partly based, warns Mr. David Liggins in the latest issue of the Lloyds Bank Review.

Mr. Liggins, who has made a special study of the French experience in economic planning, broadly welcomes the latest efforts in Britain through the NEDC and "little Neddies". But he argues that the French have become somewhat disenchanted recently with the pattern of picking growth points in the economy—now being pursued by NEDC—after their experience with expanding motor vehicle manufacture and other particular sectors.

One of the main lessons learned by the French emphasis there on developing institutions and frames broad medium-term policies in which all can be plans, and on improving the broad environment for business and production. Mr. Liggins says "it is able to implement a policy unless policy has some quantitative precision or explicit criteria measuring success or failure. The French plan has quantified targets rather than plans, but all the major firms are still capable of giving expression."

"The absence of a re-updated medium-term work is largely responsible for the inadequate definition of our national policies."

## TV Radio

Indicates programme in black and white.

### BBC 1

7.05-7.55 a.m. Open University (UHF only). 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Barnaby. 2.30 Under the Bells. 3.58 Regional News (except London). 4.30 News Bulletin - Labour Leadership. 4.55 Play School. 4.55 Jackanory. 4.55 Blue Peter. 5.10 John Craven's Newsround. 5.20 Switched.

5.15 News. 6.00 Nationwide. 7.00 Ask the Family. 7.25 Star Trek. 8.10 Panorama. 9.00 News. 9.25 The Monday Film: "The Kremlin Letter" starring Rip Anderson and Ursula Andress. 11.30 Tonight. 11.55 Weather Regional News.

All Regions as BBC 1 except at the following times—

Wales: 7.05-7.55 a.m. Pili Pili. 1.00-7.00 Wales Today. 7.00-7.30 Heddlu. 7.30-7.55 Tomorrow's World. 7.55-8.10 Cartoon Time. 11.55 News and Weather for Wales.

Scotland: 6.00-7.00 p.m. Report on Scotland. 11.30-11.55 Public Account. 11.55 News Summary for Scotland.

Northern Ireland: 3.58-4.00 p.m. Northern Ireland News. 4.00-5.00 p.m. News Around the World. 5.00-5.10 p.m. The N.I. Milk Marketing Board. 11.30 News Headlines for Northern Ireland.

Angland: 6.00-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Southampton); Spotlight South West (from Plymouth).

### BBC 2

6.40-7.55 a.m. Open University. 7.00 p.m. Open University. 7.20 Weather. 7.20 News. 8.10 The Waltons. 9.00 Our Mutual Friend. 9.50 Horizon. 10.45 The Camera and the Song. 11.10 Newsnight. 11.25-11.30 Closedown. Robert Harris reads "So That You Will Hear Me" by Pablo Neruda.

### LONDON

9.55 a.m. The 21st Century. 10.30 Skippy. 11.05 The Saint. 11.35 Untamed World. 12.00 Simon in the Land of Chalk Drawings. 12.10 p.m. Rainbow. 12.30 Drive In. 1.00 First Report. News. 1.10 Index. 1.30 Lunchtime Today. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Monday Matinee. Death Train. A Holiday. General Hospital. 4.25 Clapperboard. 4.30 Kids from 47A. 5.20 Batman. 5.30 News from ITN. 6.00 Today. 6.45 The David Nixon Show. 7.00 Coronation Street. 8.00 Rising Damp. 8.30 World in Action. 9.00 Manhunter. 10.00 News. 10.30 Marcus Welby, MD. 11.30 People and Politics in America. 12.15 a.m. The World of Islam.

All ITV Regions as London except at the following times:

ANGLIA 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. News. 4.30 a.m. News. 5.00 a.m. News. 5.30 a.m. News. 6.00 a.m. News. 6.30 a.m. News. 7.00 a.m. News. 7.30 a.m. News. 8.00 a.m. News. 8.30 a.m. News. 9.00 a.m. News. 9.30 a.m. News. 10.00 a.m. News. 10.30 a.m. News. 11.00 a.m. News. 11.30 a.m. News. 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. News. 4.30 a.m. News. 5.00 a.m. News. 5.30 a.m. News. 6.00 a.m. News. 6.30 a.m. News. 7.00 a.m. News. 7.30 a.m. News. 8.00 a.m. News. 8.30 a.m. News. 9.00 a.m. News. 9.30 a.m. News. 10.00 a.m. News. 10.30 a.m. News. 11.00 a.m. News. 11.30 a.m. News. 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. News. 4.30 a.m. News. 5.00 a.m. News. 5.30 a.m. News. 6.00 a.m. News. 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## HOME NEWS

## Community approves new £7m. loan for BSC

BY RHYS DAVID

A FURTHER £7m. loan is to be made available by the EEC to the British Steel Corporation's investment programme, bringing total loans approved for the industry since Britain joined the Community to nearly £400m.

The latest loan, which was discussed in Brussels at the week-end, will help finance blast furnace development at the BSC's Port Talbot works in South Wales. It comes just over a week after the announcement of a £150m. loan towards the cost of the corporation's major investment programme at Redcar and South Teesside—the biggest loan ever made by the Community under the European Coal and Steel Community treaty.

The European Commission has also approved the corporation acquiring Walter Blume, a German steel merchant company in Stuttgart. The BSC is hoping the acquisition will enable it to increase its sales within the important German market. The deal first had to be cleared, however, by the Commission, which is charged under Common Market rules with ensuring that companies do not achieve dominant market positions as a result of the acquisition of other concerns.

The new loan also adds to the already significant amount of money which the EEC has made available towards regional development in Wales. Out of a total of more than £150m. in grants and loans announced for Wales, the BSC will be receiving £47m. for various modernisation

schemes, and the National Coal Board £20m.

Other loans at favourable rates of interest include £20m. towards the cost of a steel mini-mill which GKN is building in Cardiff, and £27.5m. from the European Investment Bank to help the Post Office extend telecommunications network in Wales and the surrounding area. Smaller sums have been advanced under the EEC Regional Development Fund towards the cost of the advance factory programme and towards local authority infrastructure schemes.

The £400m. total of loans which the BSC has now raised under the EEC treaty, together with the £150m. which it has also been granted by the European Investment Bank, represent more than a quarter of the corporation's total outside indebtedness, second only to public dividend capital from the U.K. Treasury, which is now being restricted.

Meanwhile, with demand for steel showing signs of improving as customers begin restocking, the corporation has run into labour shortages in certain one of its most important specialised production centres. As a result of an increase in orders for stainless steel sheet, demand for which is thought to have risen recently by as much as 18 per cent., BSC is short of around 300 workers, and could require a further 300 over the next two years.

The corporation says the order book has accelerated out of the depression faster than its attempts to recruit workers from other parts of the Sheffield division, which is expected to lose about 2,300 jobs under the plan to reduce BSC's manning by 25,000 over the next two years.

Britain has received £500m. in loans and grants from the EEC, according to Mr. George Thomson, U.K. Commissioner for Regional Policy. This is more than the U.K. contributions to EEC funds.

## Baring link with investment group

BY KEITH LEWIS

BARING BROTHERS, the merchant bankers, are joining with City investment group Henderson Administration to act as principal partners in a new Hong Kong company, Henderson BSM Management.

The new company, which has as its shareholders Henderson Mackay (50 per cent.), Baring Brothers (40 per cent.) and Baring Saraw International (10 per cent.), will manage a share mutual fund incorporated in the Bahamas which will specialise in Japanese Securities with a maximum of 15 per cent. of the fund's assets outside that market. The fund will start off with subscriptions of between £50,000 and £100,000.

SUS\$2.3m. from clients of the shareholders, though the main City investment group Henderson Administration to act as principal partners in a new Hong Kong company, Henderson BSM Management.

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## LANDSRAID GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)  
Notice of General Meeting

Notice is hereby given that a general meeting of members of Landsraide Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Wednesday, 28th April 1976, at 11h 35 for the purpose of considering and, if deemed fit, passing with or without modification the following resolution as a special resolution:

"That, subject to confirmation by the Supreme Court, the share premium account of the company amounting to the sum of R56 115 244.45 is hereby eliminated and that such sum be transferred to an account to be styled Capital Reserve, and that application be made to the Supreme Court of South Africa (Witwatersrand Local Division) for confirmation of the aforesaid elimination of the share premium account of the company, and that any one of the directors of the company is authorised to take such action and to sign all such documents as may be necessary for that purpose."

Reason for and effect of the special resolution

The annual duty payable by the company in terms of section 174 of the Companies Act, 1973, as amended, is calculated at the rate of two rand and fifty cents per each ten thousand rand or part thereof of the issued share capital of the company plus its share premium account. The proposed special resolution will eliminate the share premium account and transfer the amount thereof to capital reserve, thereby reducing the company's liability for annual duty. The step is a reduction of capital in terms of the Act, and accordingly requires confirmation by the Supreme Court. Application to the Court will be made within sixty days of the passing of the special resolution.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from 21st to 28th April 1976, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

A form of proxy, which sets out the relevant instructions for its completion, is enclosed for the use of members who wish to be represented at the meeting.

5th April 1976

Anglo American Corporation of South Africa Limited  
per: J. E. TOWNSEND  
Divisional Secretary

## FREE STATE SAAPLAAS GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)  
Notice of General Meeting

Notice is hereby given that a general meeting of members of Free State Saaplaas Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Wednesday, 28th April 1976, at 10h 35 for the purpose of considering and, if deemed fit, passing with or without modification the following resolution as a special resolution:

"That, subject to confirmation by the Supreme Court, the share premium account of the company amounting to the sum of R21 080 000.00 is hereby eliminated and that such sum be transferred to an account to be styled Capital Reserve, and that application be made to the Supreme Court of South Africa (Witwatersrand Local Division) for confirmation of the aforesaid elimination of the share premium account of the company, and that any one of the directors of the company is authorised to take such action and to sign all such documents as may be necessary for that purpose."

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5th April 1976

Anglo American Corporation of South Africa Limited  
per: J. E. TOWNSEND  
Divisional Secretary

## VAAL REEFS EXPLORATION AND MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)  
Notice of General Meeting

Notice is hereby given that a general meeting of members of Vaal Reefs Exploration and Mining Company Limited will be held at 44 Main Street, Johannesburg, on Wednesday, 28th April 1976, at 11h 10 for the purpose of considering and, if deemed fit, passing with or without modification the following resolution as a special resolution:

"That, subject to confirmation by the Supreme Court, the share premium account of the company amounting to the sum of R41 878 472.56 is hereby eliminated and that such sum be transferred to an account to be styled Capital Reserve, and that application be made to the Supreme Court of South Africa (Witwatersrand Local Division) for confirmation of the aforesaid elimination of the share premium account of the company, and that any one of the directors of the company is authorised to take such action and to sign all such documents as may be necessary for that purpose."

Reason for and effect of the special resolution

The annual duty payable by the company in terms of section 174 of the Companies Act, 1973, as amended, is calculated at the rate of two rand and fifty cents per each ten thousand rand or part thereof of the issued share capital of the company plus its share premium account. The proposed special resolution will eliminate the share premium account and transfer the amount thereof to capital reserve, thereby reducing the company's liability for annual duty. The step is a reduction of capital in terms of the Act, and accordingly requires confirmation by the Supreme Court. Application to the Court will be made within sixty days of the passing of the special resolution.

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A form of proxy, which sets out the relevant instructions for its completion, is enclosed for the use of members who wish to be represented at the meeting.

5th April 1976

Anglo American Corporation of South Africa Limited  
per: J. E. TOWNSEND  
Divisional Secretary

Registered Office: 44 Main Street, Johannesburg 2001  
Postal Address: P.O. Box 61587, Johannesburg 2107  
London Office: 40 Holborn Viaduct, EC1P 1AJ

## Tory tactics on aerospace Bill irresponsible

BY MICHAEL DONNE

A SHARP attack on the Opposition's tactics against the Aircraft and Shipbuilding Industries Nationalisation Bill was delivered over the week-end by Mr. Gerald Kaufman, Minister of State for Industry. He had reached the heights of indignation.

He told a meeting in Manchester that the Opposition had voted to exclude from the Bill "the vital clause which makes up to 250m. available on special terms for new aircraft projects."

"Their filibuster, by delaying the Bill's enactment, is hurting the jobs of shipbuilding and aircraft workers to ransom."

"But now they have voted directly to deprive the aircraft industry of money which could provide the most urgent relief."

"The country should be aware of the futile antics of the Tory Opposition, which has now dragged the proceedings on for 44 sittings and 107 hours. Aircraft workers should know that the Tories want to take jobs prospects away from them."

Mr. Kaufman is anxious to see the Bill become law as soon as possible, because he sees State control as providing the

surest means of reshaping and re-educating the industry to meet an increasingly tough world market.

He wants to ensure that the industry gets new ventures soon, especially on the civil side, in order to maintain employment, and he discussed a number of proposals with the French Transport Minister, M. Marcel Cavallier, in Paris last week when they met for talks on Concorde.

The U.K. ideas, still being shaped, include the possibility of a British stake in the B-10 short-haul version of the European A-300 Airbus, and the possible revival of the Hawker Siddeley HS-146 feeder-liner jet.

The various ideas in the U.K. industry for future programmes are to be discussed at a "strategy meeting" to be held soon by Sir Peter Bess, chairman of the British Aerospace Organising Committee, with the aim of forming a coherent policy that can be presented to prospective Continental partners.

This is a serious task, in view of the speed with which the French are moving in their discussions with the U.S. companies Boeing and McDonnell Douglas.

Many in the U.K. industry believe that if the U.S. companies make attractive enough offers, the French may decide to join them in collaborative ventures, thereby ending any chances of creating a major European aerospace industry.

Government accountants 'better off'

THE GAP between salaries paid in Government or local government service and private industry is greater than ever, according to a survey published today by Accountancy Personnel, a private employment agency.

The survey, which covers salaries in accountancy and law, quotes a financial accountant for the National Health Service being offered a salary in London of up to £5,000 against likely earnings by an equivalent person in the private sector of less than £4,000.

A salary of £7,000 was also offered for the deputy section head, conveying for a South of England river board, against an equivalent salary of only £3,500 elsewhere, and a district council advertised for a solicitor at £6,000 against a salary in the private sector of less than £3,500 for similar qualifications.

The survey claims that a tax officer, higher grade, aged 18, for which the basic requirement is two years' experience, will start at £1,885 a year which, with weighting allowances and other allowances, will mean earnings in London of £2,350. The equivalent salary in a commercial concern could be as low as £1,500, while a trainee chartered accountant might only receive £1,600 yearly.

Junior doctors back merger

LEADERS OF THE 5,500-strong Junior Hospital Doctors' Association have agreed to merge with the 5,000-member Hospital Consultants' and Specialists' Association.

The new body, representing more than a third of the doctors working in British hospitals, will campaign against the Government's proposals to abolish pay beds and private practice.

Dr. Elinor Kemp, chairman of the Junior Doctors' Association, said over the week-end: "We will create a strong and united front which, I believe, will be one of the factors likely to improve hospitals for the public."

HCSA members are to be allotted for their views.

The Financial Times published daily except Sundays and holidays. U.S. subscriptions: Please add \$10.00 per annum for postage. Second class postage paid at New York, N.Y.

## Not enough design engineers in Britain

By Michael Dixon, Education Correspondent

FURTHER DOUBTS about British engineering education are raised by a Design Council booklet, published yesterday, which suggests that present courses concentrate too much on research aspects of engineering at the expense of design.

While the U.K.'s employment of engineers and scientists in research is equivalent to that of the other EEC countries, the U.K. has only one-sixth of the number of these countries' employ between the laboratory and the market place.

At bachelor-degree level, engineering education has a pre-occupation with theory and analysis at the expense of practice and synthesis, and the booklet proposes that this should be corrected by 'changing the degree courses so that 15-20 per cent. of them is given to the study and practice of design.'

Engineering Design Education Design Council, 50p.

Cuts in education were deplored at the week-end by Mr. John Gray, senior vice-president of the National Union of Teachers.

"Until North Sea oil starts to flow, Britain cannot count itself a country rich in natural resources," he said.

resource is the brainpower of our people, and when education cut-backs in investment in the future of our country," he told teachers in Oxfordshire.

Mr. Redwood suggests also that the State corporations could issue equity capital either in the form of non-voting shares, or voting shares with the Government subscribing to 51 per cent. of the issue, if it wished to preserve total control over policy.

To enable the industries to meet market tests in capital raising Mr. Redwood says they should be granted a much greater degree of freedom over pricing policy. "The main

Thatcher backs Joseph approach

MRS. MARGARET THATCHER, leader of the Opposition, gave her backing to Sir Keith Joseph's view that inflationary demand policies will not cure unemployment, published yesterday by the Conservative group, the Centre for Policy Studies.

Mrs. Thatcher states: "It is now widely realised that many of our present economic policies stem from a cardinal error, the belief that inflation and unemployment presented a choice of evils. We have learned to our cost that inflationary measures designed in good faith to abate unemployment have eventually intensified it, leaving us with the worst of both worlds."

The booklet, Monetarism is not Enough, republishes a lecture by Sir Keith given earlier this year.

## State industry loan 'need credit back'

BY OUR INDUSTRIAL STAFF

A NEW SYSTEM of financing the nationalised industries, which would be related much more closely to their ability to make an adequate return on capital, is suggested in the latest issue of Lloyd's Bank Review.

Mr. John Redwood, a Fellow of All Souls, Oxford, writing in the review, suggests loan stock issue should be secured against the assets of the nationalised industries themselves and not against the Treasury's powers to borrow. As such, the money would be raised on a credit rating reflecting the industry's own standing and not the Government's.

He also advocates that the offer document should clearly state the purposes for which the money would be used and the rate of return to be generated.

"The nationalised industries would then, like any other industry, be able to gauge the best time to come to the market for raising money and would have to go through budgeting exercises to see whether or not the money could be productively used."

"Theoretically it would not be possible for a nationalised industry to borrow at 12-14 per cent. money which was going to earn a rate of return of say less than 10 per cent.," he states.

Mr. Redwood suggests also that the State corporations could issue equity capital either in the form of non-voting shares, or voting shares with the Government subscribing to 51 per cent. of the issue, if it wished to preserve total control over policy.

To enable the industries to meet market tests in capital raising Mr. Redwood says they should be granted a much greater degree of freedom over pricing policy. "The main

Freedom

"No industry can properly if it is told not to have freedom which routes it runs it charges, or who service it should provide."

To have financial management control responsibility for it and goods produced, which they are providing in which they summer demand."

Mr. Redwood changes leading to a more into the nationalised would greatly improve rate of economic growth, to greater choice (for consumers) Problems would arise of the effect on employment, but these could be misused by introducing market-oriented policies of three or four efficiency increased by highly-paid, rather than present lowly-paid in

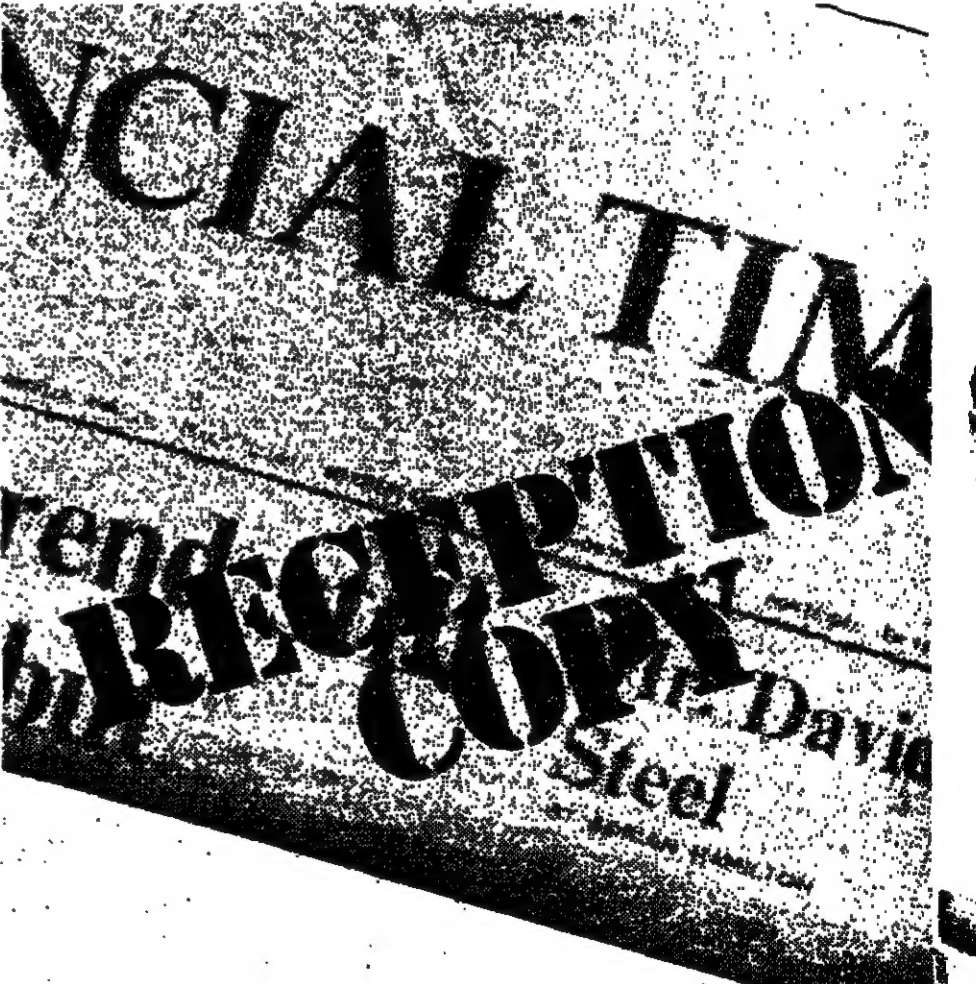
Rolls and BAC in \$3. U.S. venture

ROLLS-ROYCE Aero Engines (the U.S.) and British Aircraft Corporation (U.S.) are jointly to build a \$3.5m. facility near Washington's Dulles International Airport to supply their customers in North America with spares and engineering services.

A joint operating company, Dulles International Aero Services, has been formed to build and run the facility which will be ready by June.

It will handle over 100,000 worth of RB-211 engines in its first year. BAC will also handle some parts for many built and Rolls-Royce engines.

Chairman of the company is Mr. Samuel bottom, chairman of Aero Engines. Chief executive is Dr. Murray W. dent of BAC (U.S.).



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# What to buy if you don't buy a Leyland car.



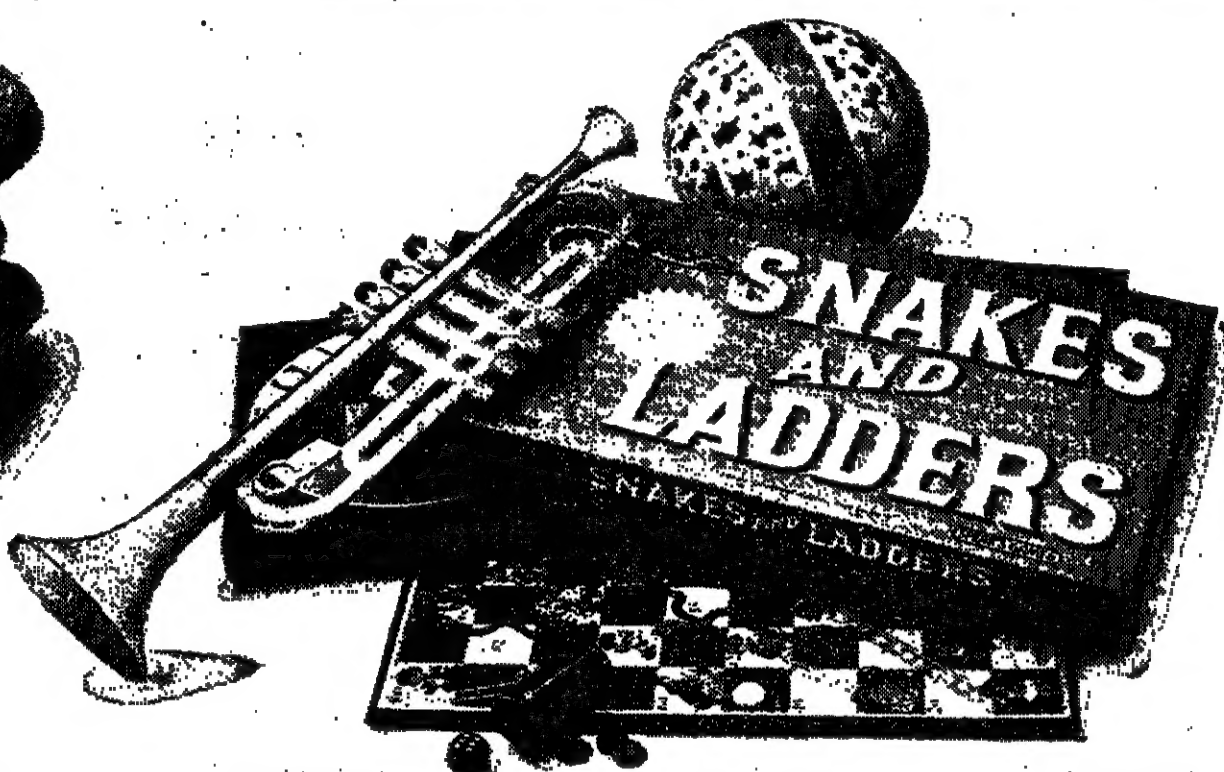
A length of stout towing rope.



A complete set of do-it-yourself repair manuals.



Thick blankets to keep Granny warm while you attempt to repair car.



Toys to entertain kids while you search for help.



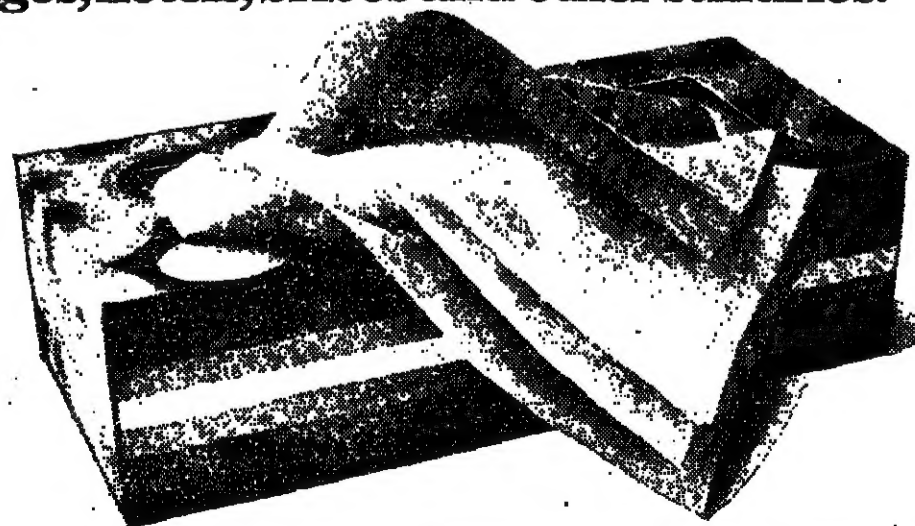
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When you buy a Leyland car, you get all the benefits of Supercover for one year absolutely free.

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3. No matter how many miles you do, your free parts and labour warranty will cover you for a full year.

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**SUPERCOVER**

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Audio-visual aids can help management-employee communications. Roy Levine reports

# The message goes on screen

OVER THE past few years, many managers have recognised the need to communicate more effectively with employees. The message may be to alleviate nervousness about employment prospects, or explain significant changes in legislation, or to show that they are aware of the call by employees and trades unions for more information. Annual reports for employees, explaining the financial results in layman's language, have become common. So, too, have internal newspapers to inform employees what is happening in their company.

The drawback, though, is that reports and newspapers are discretionary reading. If management wants to make sure that a message has been understood, a more explicit exercise may be needed.

For this reason, companies are beginning to use techniques long used for training—such as tape cassettes, slides or films—to reach all their employees with a specific message. Small groups of staff are given a special presentation after which they can ask questions.

In one case—Gestetner—the company newspaper was regarded as too impersonal to reach the widening gap between the London head office and its 50 regional offices. So it experimented with tape cassettes.

Each month, Mr. Denis Lowry, the general manager, records a tape giving his comments on the previous month's sales figures, what he expects for the current month and which products he thinks ought to be selling well. He also adds general comments about the company's markets and the economy and then introduces a light note about some company personalities. This is followed by social notes on staff by the training manager, including birthdays and engagements, interspersed with music.

The tape lasts between 30 minutes and an hour and is played at the monthly staff meetings. Any comments are reported to Mr. Lowry by branch managers.

The company has its own recording equipment costing £500 to prepare the master tape and about 50 tape recorders costing around £30 each. Copies of tapes are made by an outside record-

ing firm and the cost is about £50 for each edition.

There are two types of video tapes a company can use—slides or film. Marks and Spencer use slides with taped commentary to communicate company policy to its employees at its 252 stores. Each store has its own cinema, projector, and library of slide shows. These include an explanation of the annual financial results, dealing with customers, policy on energy conservation and quality control, and employee options.

Before the show was put on the road, the chairman wrote a

The slide presentation (consisting of graphs showing examples of pension benefits on retirement, pictures and cartoons) together with the recorded commentary cost about £2,000 and was made by the company.

A dozen personnel managers were selected from around the U.K. and given a 1½ day course on the changes in the pension scheme, so that they were equipped to answer employees' questions.

Most of the films are for training, but over a dozen films have been made for employee communications. Mr. Eddie

offices have these. But the films are either imported from the U.S. (for new products or a corporate message) or they are made by an independent film studio in London, with IBM's own script, staff and resident film director.

It costs as much to make one master tape as it costs Scottish and Newcastle to make dozens of audio tape cassettes.

Most of the films are for training, but over a dozen films have been made for employee communications. Mr. Eddie



Mr. Eric Engledew (right), general manager for sales and service, British Airways Travel Division, being interviewed by a staff member on policy for new sales shops. The interview will be seen on film by all employees in the Division.

under the company pension scheme. The shows are given in company time once a week, normally by the staff managers. Scottish and Newcastle Breweries has been using slides for about 18 months, not only for training but also to get a specific message across to its employees.

Its biggest exercise to date was in explaining to its 17,000 full-time employees a major change in its pension fund policy. The company has always provided a non-contributory scheme over and above the State pension. But from the end of 1974 it decided that any increased benefits under the State scheme would be met with a reduction in benefits at retirement age under the company's own scheme.

The company wanted to explain to its employees that they would not be any worse off even though benefits might not increase as rapidly as in the past.

letter to each member of the pension fund explaining the gist of the pension changes and advising that everyone would have the chance to ask questions after seeing the 'slide presentation'.

The show was seen by the bulk of staff in 300 of the regional offices and pubs within three months of its launch in early 1975. But it took another six months before staff in some of the remotest pubs were able to see the slides.

Scottish and Newcastle chose slides because it is cheaper than cine-film. The basic equipment costs around £8,000 and each slide show costs between £1,500 and £2,000.

IBM chose film rather than slides and spent ten times as much on its equipment. This consists of video recorders and players and monitors. A video monitor enables a cassette made on the Continent or the U.S. to be played on U.K. TV screens and, most of its 35 U.K.

Nixon, the managing director, gives a quarterly résumé of how the U.K. company is doing and how he sees the economy and market developing—much the same message as Mr. Lowry gives at Gestetner on tape recorders.

There are also films on health and safety at work and induction procedures but the most effective exercise has been on IBM's package of employee benefits. Last year management recognised that with high inflation and pay restrictions, staff were beginning to feel that remuneration at IBM was losing its attraction. So it prepared a film showing how its employee benefits compared with other (unnamed) organisations.

Films helped British Airways Travel to reassure its staff that the introduction of the shuttle service to Scotland, when passengers bought their tickets on the aircraft would not mean fewer staff at reservation desks. In a recorded interview, the

sales manager gave market research figures explaining the demand for the service and added that staff concerned would have their jobs enlarged by being given more interesting international fares to handle.

The 10-minute film ran continuously on TV cassette players in reservation offices so that employees could watch it in one of the back rooms when they were not busy during office hours.

British Airways does not use films throughout its organisation because its 55,000 employees are too widely scattered and their working conditions vary too much, from clerks to night mechanics or air crew. But films have been widely used in its 58 sales shops to keep staff up to date, including developments on Concorde and new outlets.

The travel division spent \$20,000 setting up a film studio and a similar amount on 21 cassette players. By rotating the players between branches, staff interest is maintained—if employees could watch films every day the novelty might wear off.

The effectiveness of films has been confirmed in staff surveys which show employees retain 90 per cent of facts communicated, against only 70 per cent when written bulletins were read.

Films are being used to communicate with employees not only in offices but also on the shop floor. When Alcan Booth Sheet discovered earlier this year that large amounts of scrap was being wasted at its foundry in Kirta West, near Birmingham, it made a film on the premises with hired equipment costing £300, which shows how to avoid mixing incompatible scrap materials needed for recycling.

The film also shows the materials and time wasted when the wrong mixtures are made. The 900 factory workers see the film in small groups in the canteen during company time. So far, it is too early to assess results, say the company.

Last year, the Alcan Group showed all its employees a film about changes in its pension scheme. According to the company, employees saw the effort as the first time management had done something in their interest.

Another way of speaking to staff is by relaying information and social news over the company telephone line. British Steel Corporation has installed telephone answering and recording equipment costing only £5 a week at some of its plants. At Llanwern, for example, its 9,500 employees make over 2,000 calls a day from phones placed on the shop-floor, canteen and offices. News is given about production levels, the world steel industry and the club's sports events.

## The pay gap widens in professions

THE EXTENT to which some salary levels in national and local government are outstripping those in private industry is highlighted in a survey published to-day on accountants and solicitors. It shows that at the upper end of the scale the difference can be as much as £2,000 and £3,500 a year for comparable jobs in the different sectors.

The survey, published by Accountancy Personnel, the employment agency group, illustrates the point by referring to the Warwickshire Area Health Authority having advertised in January and February this year for a district finance officer at a salary of £10,000, plus other benefits, whereas in the private sector the equivalent job would command only £8,500 or so.

Then again, the Lethian Health Board offered £6,255 for a development accountant, whereas his counterpart in private industry would only be offered about £4,000. Government offices are also far more tempting for the new entrant to accountancy. A tax officer, higher grade and aged 18, would start at £1,885, rising to £2,350 with weighting and other allowances if in London, but a commercial company would pay as low as £1,800.

On the legal side, the South of England River Board was offering £7,000 for a deputy section head, conveyancing, in the opening months of 1975, which compares with an equivalent salary in the private sector of £5,500. And whereas a solicitor with a district council was being tempted with £6,000 the private sector could counter with only £3,500.

At the entrants level the experience is the same as in accountancy. An articled clerk's salary in local government would be about £1,600, compared with a range of between £850 and £1,400 in a solicitor's office.

Survey of Salaries in Accountancy and Law, Accountancy Personnel, 63-65, Moorgate, London EC2R 6BH, twice yearly, £15 per annum.

## EXECUTIVE HEALTH

BY DR. DAVID C.

# Dangerous allergies

IT IS believed that certain allergic reactions are due to microbes which are normally found in man and may cause no trouble in their immediate habitat. Such conditions are uncommon and not usually serious; but dangerous organisms that cause such diseases as scarletina, not only evoke trouble at their invasion point—usually the throat—and constitutionally, but may excite allergic response in the heart and kidneys which can be so severe as to cause irreparable damage.

Other strange forms of allergy are known and doubtless many others await discovery. But one curious, debilitating and sometimes very dangerous malady is bronchial asthma. As it is estimated that 1 per cent. of the adult population is affected by this malady to a greater or lesser degree, a relatively high proportion must be working in offices.

These unfortunate often have a family history of the disease and tend to be prone to some of the other allergic conditions mentioned before. They suffer from sudden difficulty in breathing, with short inspirations and prolonged, wheezing expirations. Frequently the attacks occur at night, causing much distress and alarm to sufferers and relatives.

In many cases, exhaustive research may discover the specific allergens for each sufferer. Some are well-known, such as certain foods and animal hair and feathers; but the list of irritants is endless. Attacks are sudden and always distressing, but usually not of long duration. Most dangerous asthma, indicating it had become status asthmaticus when the paroxysm continues unabated.

Most allergic reactions are triggered off or exacerbated by emotional disturbance. Hospital treatment is essential. Curiously enough, in many cases, so soon as the patient is aware of this safe haven, the condition remits without any treatment. This brings one to the vexed question of the role played by psychological factors in asthma and, indeed, in a majority of the allergic disorders. Some factors put them all down to "nerves," others to physical factors only. The answer obviously lies in an amorphous zone between the extremes.

I knew a man once who was worse and, at the height of his disorder which I felt started in infancy and was then, my last, the greatest storm for 80 years by an appallingly egotistical factor took over. When I last encountered him, the very sight of a cat through glass set off his asthma, indicating it had become psycho-somatic.

When beggars die no corners seem; The heavens themselves for the death of



... the condition remits without any treatment!

and the patient can die of exhaustion. Hospital treatment is essential. Curiously enough, in many cases, so soon as the patient is aware of this safe haven, the condition remits without any treatment.

A personal experience confirmed this notion. I had a "big" old anti-tetanus serum ran over my own skin. Soon afterwards I developed a physical urticaria (nettle rash) within hours, was so between the extremes.

I knew a man once who was worse and, at the height of his disorder which I felt started in infancy and was then, my last, the greatest storm for 80 years by an appallingly egotistical factor took over. When I last encountered him, the very sight of a cat through glass set off his asthma, indicating it had become psycho-somatic.

When beggars die no corners seem; The heavens themselves for the death of

## Demand for dictating machine

SALES of dictating equipment are starting to pick up again machines, where demand dropped after the worst recession for 15 years, according to industry sources. There are no industry sales figures available for 1974, but some companies do report an improvement for the first quarter.

Figures for 1975 show that although the value of sales, at £10.5m, was 22.5 per cent. higher than the previous year, the number of machines sold—hand-held machines (which do not have any attachments, un-

Worst affected were portable unit sales did not increase levels of 1974 even though the value of sales rose £2.5m (£1.5m). The only sector in the dictating systems—real growth was in dictating systems—sold worth £1m, against 1974 worth £625,000. A longer selling stand alone machines orally provide high activity. So they did the full brunt of the recession.

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- the ways in which inflation affects saving.

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This study brings out the interdependence of financial institutions and their varied functioning in different countries—indicating the relative importance of the various channels and forms of personal savings and makes significant inter-country comparison possible. All financial institutions, whether directly or indirectly concerned with personal savings, will find SAVINGS FLOWS IN EUROPE a useful and up-to-date work of reference.

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IN AIRLINES



# Spanish police arrest 150 in week-end demos

ROGER MATTHEWS

MADRID, April 4.

A week-end of rioting broke out in Spain's main cities this week-end as police clashed with Left demonstrators in Madrid, Barcelona and the extreme north. In the three cities, more than 150 people were arrested last night when groups of demonstrators, up to 1,500 in some cases, tried to move towards the centre in support of demands for amnesty and full political rights.

An important political rally was held in the bar of the luxury Palace Hotel, including the well-known economist and university professor Ramon Tamames. He was arrested by police when he moved in. Tamames is a leading member of the Communist-led Junta which last week called for an alliance with the main opposition grouping, the democratic Platform which includes Socialists, Social Democrats and Christian Democrats, with several regional colleagues.

Colleagues feared to-day that Tamames and those held with him would be accused of leading the Madrid demonstration, which had been banned by the Interior Ministry and therefore face the same fate as four other opposition leaders who last week were accused of offences which carry prison sentences of up to 30 years.

Mr. Manuel Fraga, the Interior Minister, who was angered by the Communist participation in the Left-wing and Communist alliance, also appears to have changed his instructions to the police only to make arrests when a serious breakdown in law and order was threatened. Police have admitted to over 100 arrests in Madrid while Left-wing sources say the figure is much nearer 200.

Rubber bullets, tear-gas and baton charges were used against demonstrators in both Madrid and Barcelona. Police also called up water cannon in the capital where there was evidence that extreme Left-wing commandos were in action smashing windows and trying to drag cars across the city to form barricades. Lengthy traffic jams built up in the centre of town with some motorists sounding their horns to the rhythm of the "Amnesty, Liberty" chant.

Between 500 and 1,000 rioters held an authorised demonstration near the port area and dispersed after singing the battle hymn "Face to the Sun," chanting "Franco Franco" and calling for the return of General Franco, former head of the paramilitary Guardia Civil, now in retirement.

# Finnish sea lanes blocked by strikes

LANCE KEYWORTH

HELSINKI, April 4.

SEA lanes to and from Finland are totally blocked by Finnish and foreign merchant shipping. This follows a day of 4,000 stevedores on strike to join a week-old strike of 100 seamen in dispute over pay and compensation for long unseasonal hours.

The strike has already hit some ships and, with 250 Finnish still abroad, more will fall as they sail back.

Two strikes have had a major effect on Finnish exports, particularly forestry and pulp, which have been trying months to recover from a

Warehouses are now full and unless the industry can meet slowly increasing new orders and move some stocks to storage in Europe, mills may have to close completely. The situation will be critical if the strike continues through the coming week. At present there is no sign of a solution.

The only "escape" route left apart from air freight for less bulky goods is the long and expensive road and/or rail journey up the west coast of Finland and across the tip of the Gulf of Bothnia into Sweden.

Leakage crews were due to join the other shipping branch strikers on April 2, but decided at the last minute to put the state arbitrators' compromise proposals to a ballot.

# Portugal campaign starts

PAUL ELLMAN

LISBON, April 4.

It is concerned at the prospect of the regime degenerating into violence and has attempted to secure guarantees from party leaders that they will keep the temperature as cool as possible.

Prospects for this are unlikely to be improved by the publication here over the week-end of opinion polls which show that the socialists, the biggest party in the last year's constituent assembly election, are currently running level with the Popular Democrats (PPD), who came second last time, both with 30 per cent.

The polls indicated that around 50 per cent of the electorate is still undecided as to its loyalties, a factor pointed to in a poll conducted by the socialist party itself recently.

Reuter adds: A powerful bomb exploded outside a football ground in Coimbra to-day where the conservative Centre Democratic Party (CDS) were holding a rally as campaigning officially started for this month's parliamentary elections. The plastic explosive placed in the stadium's car park destroyed two cars but caused no injuries, police said.

# Teamsters win demands

of the major demands of awards improvements in health risks Teamsters Union and safety conditions.

The 30 per cent wage increase initiated over the 10, which covers some of the truck drivers and other wage personnel, writes Jonqueres in New York.

contract which has still to be led by the rank and file a 70 per cent wage increase spread over three years.

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# Pro-Chou demo

HUGE CROWDS shuffled through Peking's Tian An Men Square yesterday in a large-scale demonstration of support for the moderate policies of the late Premier Chou En-lai, reports Reuter from Peking.

The scenes appeared as a thinly-disguised backlash against the current radical-inspired campaign to discredit alleged rightists, including Vice-Premier Teng Hsiao-ping. Observers said it reflected the continuing struggle within the Chinese leadership that started with Chou's death from cancer last January.

# Setback to Schmidt in Baden vote

By Adrian Dicks

BONN, April 4.

BOTH parties in the ruling West German coalition suffered a sharp loss in public esteem to-night, after voters in Baden-Wuerttemberg returned the Christian Democrats to power in the state with an enlarged majority.

With final returns not yet available, a computer projection late to-night gave the CDU a 4 per cent increase in the popular vote from 52.9 to 56.8 per cent, equivalent to an increase from 65 to 70 seats in the 130 member state assembly.

Chancellor Helmut Schmidt's Social Democrats lost about 4.4 per cent, ending up with 33.2 per cent of the popular vote or 41 seats.

Herr Helmut Kohl, national leader of the CDU, described the result as a triumph and an excellent portent for the October general election. Herr Kohl will now gain weight politically as an opponent to the Chancellor, although immediate credit properly belongs to the more conservative Baden-Wuerttemberg state premier Herr Hans Filbinger.

There was no immediate comment to-night from either Herr Schmidt or Herr Willi Brandt, the SDP Chairman. The deputy party chairman, Herr Hans Koschnick, played down the Baden-Wuerttemberg result as being due largely to the unfavourable economic situation earlier this year. A particular blow to the SDP, however, was that its strength apparently shrunk even more in larger towns than in the State as a whole.

The Free Democrats, junior partner in the Bonn coalition, were left with some 7.8 per cent of the popular vote and nine seats. This is a severe setback to their hopes of increasing their strength, their support in the historically strongly liberal State is now barely half what it was only eight years ago.

# Lebanese leaders still split on Presidency

BY HSAN HIJAZI

BEIRUT, April 4.

ATTEMPTS to find a political solution to Lebanon's year-old crisis have continued to move in a vicious circle as profound disagreement persisted among the country's Moslem and Christian leaders.

The unsupervised ten-day truce which went into effect on Friday is still shaken by sporadic fighting, kidnapping, murder and a new wave of looting.

Left-wing and Moslem forces on Friday night occupied the strategic mountain village of Ain Toubah from where they could threaten Bikfaya, the hometown of Pierre Gemayel, the leader of the country's largest Christian political and para-military organisation, the Phalangist party.

The official death toll since the ceasefire went into effect is given at over 100. The victims include 20 mentally unbalanced patients who had been kidnapped from the Asfouriyah hospital located in Beirut's predominantly Christian suburb of Hazmiah. Their bullet-riddled bodies were recovered yesterday at the nearby town of Baabda.

The state of lawlessness has been the main obstacle to having the 99-seat unicameral parliament meet in preparation for the election of a new head of state to succeed President Suleiman Franjeh. The left and Moslem forces under Mr. Kamal Jumblatt had agreed to the short truce with the condition that a new president would be elected by the specified deadline. "It would take a miracle to fulfil this on time," parliamentary circles have said.

Informal sources said the main problem lay in the absence of a consensus on a successor to Franjeh. Names of several figures have been mentioned, but none of them commanded enough support yet. Under the Lebanese system, the candidate should be a Maronite Christian to be elected by parliament for a term of six years.

Moslem and left-wing pressure for changing the system by eliminating the division of state posts along religious lines, is another major and complicating factor.

Mr. Deao Brown, the U.S. special envoy, has meanwhile been conducting talks here with leaders on both sides of the confessional divide. He had delayed his departure for Washington because he felt more meetings were necessary.

According to reliable sources, Mr. Brown has been trying to assess what kind of outside aid there should be to help Lebanon.

Certain diplomatic sources are inclined to believe that Washington wants Syria to agree to extend the mandate of UN forces in the Golan Heights before the U.S. could give Damascus the go-ahead signal to send forces to Lebanon. Washington's argument, the sources maintained, is that the extension of the Golan mandate, which is due to expire at the end of next month, would alleviate Israeli fears regarding Syrian military intentions in Lebanon.

back on its feet. Some leaders reportedly proposed a combined Arab and United Nations force, but the majority favoured Syrian intervention.

The paradox in the American role is that while basically approving Syrian mediation the U.S. opposes Syrian military intervention.

# Sadat calls on Franjeh to resign

BY ROBERT MAUTHNER

PARIS, April 4.

PRESIDENT ANWAR SADAT of Egypt, who arrived here yesterday for talks with President Giscard d'Estaing on long-term arms co-operation between the two countries, to-day appealed to President Franjeh of Lebanon to resign as a first step towards a settlement of the Lebanese crisis.

Speaking to journalists, Mr. Sadat said there were times when a head of state was obliged to swallow his pride for the good of his people.

In this context, the Egyptian President said that he would strongly support any new French initiative for solving the Lebanese crisis and that he had suggested to President Giscard that M. Maurice Couve de Murville, the former French Foreign Minister, should be sent on a new mediating mission to the Lebanon. This, he thought, would be welcomed by all the parties concerned.

Mr. Sadat sharply criticised Syria's intervention in Lebanon

which, he said, was largely responsible for the serious situation that had arisen in the country.

"Not only has Syria not been able to find a solution to the crisis, but it has supplied both sides with arms."

Addressing the members of the Egyptian community in Paris earlier in the day, the Egyptian President announced that, following the recent abrogation by Egypt of its friendship and co-operation treaty with the Soviet Union, his Government had now terminated the right of Soviet warships to use Egyptian port facilities.

Mr. Sadat also confirmed that co-operation agreements with France for the creation of an Egyptian arms industry, to be financed mainly by Saudi Arabia and a number of Gulf states, would be concluded in the near future. France had shown a great deal of understanding in this area, he said. It is understood, however, that a number of details regarding France's participation in the venture still remain to be settled. M. Giscard is known to have insisted strongly on firm Egyptian financial guarantees and assurances that contracts with French personnel will be respected.

Although the Egyptian President said that he had not discussed any specific arms purchases with his French hosts, he pointed out that some agreements with France had already been concluded and that other deals were in the offing.

# Saudis 'slow to pay'

BY JUREK MARTIN

NEW YORK, April 4.

KING HUSSEIN OF JORDAN implied to-day that he was having problems in getting Saudi Arabia to help Jordan purchase American arms. Interviewed on National Television, the king referred specifically to the Hawk anti-missile system. He has had talks with the U.S. Administration this past week and gave no indication that these had been successful.

While not elaborating on the difficulties he had encountered with the Saudis, King Hussein did note that Saudi Arabia also possessed the Hawk system.

Mr. Sadat was clearly referring to orders for 40 French Mirage F-1 fighter bombers and 100 Alpha Jet trainers and ground support planes which the French agreed to supply in principle during the recent visit to France of General Gamassi, the Egyptian Defence Minister.

# Kukrit loses Thailand election

BANGKOK, April 4.

MILITARY voters, annoyed at Prime Minister Kukrit Pramoj's order for an American troop withdrawal, turned the Thai leader out of office to-day. The defeat for the 64-year-old former journalist will force Thailand's parliament to choose a new Prime Minister when it meets on April 15.

Kukrit came fourth in a Bangkok constituency which elects three members of parliament. Incomplete returns late on Sunday night showed he lost by about 900 votes. He was a consensus Prime Minister who rose from leader to one of the smallest parties in parliament to leader of a 16-party coalition Government just over a year ago.

His defeat was the only major surprise as first returns trickled in to-day, mostly from Bangkok constituencies. As expected, the Democrat Party of his opposition brother Seni Pramoj gained a majority of seats in Bangkok.

Seni may emerge as Prime Minister. He served briefly as premier last year, but his government fell apart and Kukrit, leader of the social action party, was tapped for the job.

Kukrit ordered all U.S. troops but 270 advisers out of Thailand on March 20, when American officials refused to place all their servicemen under full Thai jurisdiction.

A loose coalition of the military, Right-wing groups and former employees at U.S. bases apparently combined to defeat the Prime Minister.

Military voters in Bangkok's Dusit constituency, which has a large population of servicemen, turned out in force and were the deciding factor in Kukrit's downfall. (UPI)

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### Lathe machines both ends Exhaust air

DEVELOPED TO machine both ends of small workpieces at the same time, the Horsman Spinner DKS 50/50 double-ended automatic lathe is claimed to produce excellent concentricity and plan parallelism of the two ends.

A narrow headstock is mounted between two machining heads, and can be pivoted pneumatically to the adjacent loading position. The workpiece is mechanically locked in position.

Independent, simultaneous, manual or automatic operation is possible, with up to seven micrometer stops for both longitudinal and traverse movements. A wide range of tool holders and automatic loading arrangements are available. The basic machine is suitable for turning workpieces from 10 to 150 mm. long and 5 to 60 mm. dia., and spindle speeds range from 500 to 3,000 rpm.

Details from Horsman Bros. (Machine Tools), Dittons Road, Folgate, Sussex, BN26 6NZ (03212 6145).

## Riveting tests

PREPRODUCTION riveting runs will be carried out as a service by the Blount and Tubular Rivet Company for companies who want to test this method

## Powerful mining drill

THE FIRST universal hydraulic rotary percussive drill to be operated on fire-resistant fluids in the U.K. is being used at the National Coal Board's Thoresby mine, Notts.

It is an Elanco-Secoma RPH 35, supplied by Elanco (Great Britain), Ennisway, Telford Valley, 4 to 40,000 psi compressive strength.

is operating on water/oil emulsion in a tunnelling project that is currently advancing at a rate of 21 yards/week. The drill is being used for driving roadways to a new seam.

The single boom, with a drill slide equipped for variable thrust and fitted with a universal rotary percussive hammer, is mounted on a crawler. The Elanco crawler is designed and the Secoma drill is French. It is claimed that the facility to change from rotary to rotary percussive drill action is unique, and that this provides an ability to drill in strata ranging from 4 to 40,000 psi compressive strength.

## HEATING

### Exhaust air waste heat recovery

USING THE heat pipe principle, exhaust air waste heat recovery units are being made by the Q-Dot Corp., Dallas, Texas.

A heat pipe is essentially an evacuated tube with a capillary wick structure around the internal wall, filled with a refrigerant liquid and permanently sealed. Heat applied to one end causes the liquid to vaporise and travel to the other end where it condenses giving

## TELEVISION

### New tube from RCA

LATEST major colour tube maker to announce the introduction of a 22 inch 110 degree precision in-line tube into the U.K. is RCA. First European showing will be by RCA's affiliate Videocolor at the Paris Electronic Components Show.

The deflection yoke and other neck components are pre-assembled on the tube and factory pre-set for the best performance. The whole tube assembly can normally be put into a receiver by set manufacturer or field serviceman without making

## CATERING

### Ice-cream equipment sales drive

ALFA-LAVAL, Brentford, has entered the ice-cream equipment market in the U.K. The company's industrial processes division is now marketing exclusively the products and systems developed by the group subsidiary, O. G. Royer A/S, one of the world's largest ice-cream equipment manufacturers.

Laval and these will be incorporated with other Royer ice-cream making equipment into a product package for the U.K. food-manufacturing industry.

The KF 1150 has a nominal capacity per freezing cylinder of 800 l/h, according to temperature and composition of the mix. A second freezer, the KF 1200, offers twice this capacity. Both freezers are claimed to provide higher ice-cream quality and economies in operation through manpower savings, minimal loss of mix, and special control systems which keep constant the degree of overrun, viscosity and output volume.

Alfa-Laval, Great West Road, Brentford, Middlesex, TW9 9BT.

## PROCESSES

### Controls the oil flow

A RANGE of four sizes of multi-spool sandwich blocks for the control of oil flows to one or more hydraulic cylinders, motors, circuits, etc. has been introduced. The six-way system is stated to offer fine control lands and negative overlapping.

A feature of the blocks is that elements can be added to existing units with a minimum of cost. These cast modular valve elements are mounted together, to a maximum of ten, to form a sandwich, and coupled with the bolts. They can be operated by hand lever, mechanical rod, or remote hydraulic, pneumatic or electrical systems. Check valves are incorporated for load holding.

## DATA PROCESSING

### Speeds the holiday bookings

ONE of the reasons claimed by Horizon Midlands for its continued prosperous existence after the demise of majority shareholder Horizon Holidays in London was the use of an efficient computer system.

This was based on an IBM System 3 with 3270 terminals, but now all the terminals have been replaced with 22 display terminals. The latter are used for hard copy file exception reports and for back-up transaction logging in the event of system failure.

## TRANSPORT

### Liquid gas powers fork lift trucks

COMPACT STYLING, minimal turning circle and hydrostatic transmission are features of two gas powered trucks introduced by Bonser Engineering, Giltbrook, Nottingham, NG16 2XK (060743 3821).

The trucks use liquefied propane gas and have lifting capacities of 4400 and 5500 lbs. The gas powered engine has been developed by Bonser from a 1000 cc Ford Cortina petrol engine to simplify servicing and parts availability.

Ports are BSP or metric, or SAE for the larger sizes, with flows up to 250 litres/min. and maximum operating pressures of 250 bar.

The maker is G. L. Rexroth, Cromwell Road, St. Neots, Huntingdon, Cambs., PE19 2ES (0480 73781).

## Plating prevents fretting

METADALIC claims to have developed a technique for reducing fretting of interference surfaces subject to vibration, a problem encountered in roller bearing applications.

Using Dallic selective plating, the company says it is possible to create a reliable interference fit between bearing and housing with a vibration-resistant interface. This can be achieved by applying silver or tin plating to the bearing housing prior to fitting the bearing.

The process can be used to apply buffer metal selectively to the area subject to fretting. Examples quoted range from large propeller shaft bearing housings, to small electric motor bearings.

When fretting has already taken place, the technique can be used to restore components. Worn bearing housings can be brought back to tolerance by plating with nickel before applying the protective tin coating.

The equipment is portable and work can be carried out in situ. Metadalic, Blackthorne Road, Poyle Trading Estate, Colnbrook, Slough SL3 0AW (Slough 8262).

LAUNCHED on to the U.K. and European markets by Delta Data Systems is the model 4500 user-programmable visual display unit.

Central to the performance of

either 15 or 18 kg capacity giving 8 or 11 hours working, has been incorporated in the profile of the truck so that it does not project and can be easily lifted into place by the operator.

With fast off or pedal control in neutral, secondary braking is automatic. Axle width required for a "U" turn is 164 inches; steering is hydraulic. Maximum road speed is 10 mph. Lift is 120 inches.

## Three-in-one lorry body

UP TO 50 per cent. running costs can be saved, it is claimed, when operating vehicles with demountable bodies for loading and unloading equipment developed by Bristol Metal heavy equipment.

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## PRINTING

### Stripping film for litho work

TRANSLUCENT strips for making up life and bination and for dry corrections on litho matter has been introduced by 3M United Kingdom, Street, London W1A 1E 5522).

Suggested application cartography, or when amounts of typeset del be inserted — for ins originating or updati

Feature of the TS-5 M the photographic emul coated on a thin str brace which can be: from the thicker po base after the film exposed and processed. (thickness of membr emulsion is about 0.1 eliminating the proble line marks showing on films made from the s combination copy.

Processed film can be using a conventional applicator, followed by run down in the same w transfer lettering.

## INSTRUMENT

### Tester for aluminium

THE difficulty of recogn hardness of aluminium due to their chemical tion and possible heat has led Engineering anic Equipment to offer tional range of hardne

These are oriented towards the aluminum industries where the levels are within 10 Vickers, 10 to 200 Bri 20 to 100 Rockwell. Instruments are similar to those already on the market. More from 2 Pleasant, Alport, Middlesex HA0 1TU.

## CONTRACTS AND TENDERS

République du Zaïre

### La Générale des Carrières et des Mines (GECAMINES)

SOCIÉTÉ D'ÉTAT

### APPEL D'OFFRES INTERNATIONAL

Dans le cadre de son deuxième plan quinquennal d'expansion la GECAMINES a décidé d'augmenter de 100.000 T sa production annuelle de Cuivre.

Le nouveau complexe industriel de LUIQU, près de KOLWEZI, Région du SHABA, pour la réalisation duquel la GECAMINES a obtenu un prêt conjoint de la WORLD BANK et de la LIBYAN ARAB FOREIGN BANK, comprendra diverses entités, parmi lesquelles une Usine Pyrometallurgique basée sur le procédé Flash Smelting.

Le fonctionnement de cette Usine Pyrometallurgique exigera l'utilisation de deux combustibles (charbon et coke) et d'un processeur (chaux).

Le présent appel d'offres international concerne la réalisation, par Entreprise du type « Clé sur porte » d'une installation de réception, stockage et préparation des combustibles et du processeur.

Les firmes qui voudraient soumissionner pour cette installation en « Clé sur porte » sont invitées à demander à la GECAMINES, par écrit ou de préférence par télex, l'envoi du dossier d'appel d'offres.

Les demandes mentionneront la référence EC/P2 et seront adressées :

Au Citoyen Délégué Général de la GECAMINES  
B.P. 450 — LUBUMBASHI — République du Zaïre  
(télex n° 234 LUBUMBASHI ou 323 KINSHASA)

Elles devront parvenir à LUBUMBASHI pour le 26 avril 1976 au plus tard; passé cette date, elles ne pourront plus être prises en considération.

## LEGAL NOTICES

The Companies Acts 1949 to 1967.  
LAWYER ROBINSON AND PARTNERS Limited.

Notice is hereby given, pursuant to section 262 of the Companies Act 1949, that a Meeting of the CREDITORS of the above-named Company will be held at 39 Chancery Lane, London, W.C.2 on Tuesday, the 12th day of April 1977 at 11.30 a clock in the forenoon, for the purposes mentioned in sections 254 and 255 of the said Act.

Dated the 26th day of March, 1977.  
Per Order of the Board,  
JENNIFER MILLS, Secretary.

## CONTRACTS AND TENDERS

APPEAR EVERY MONDAY

Rate £10 per Single Column Centimetre

For further information contact:

ROSEMARY ANDREWS

01-248 8000 Ext. 465

## BANCO CENTRAL DE LA REPUBLICA DOMINICANA

DEPARTAMENTO PARA EL DESARROLLO DE LA INFRAESTRUCTURA TURISTICA

PUERTO PLATA TOURISM DEVELOPMENT PROJECT  
Supply of Materials for Water Supply and Sewerage Systems

### CONTRACTS S1-S7

Tenders are invited from manufacturers, who are established in member countries of the International Bank for Reconstruction and Development and Switzerland, for the supply and delivery to Puerto Plata, Dominican Republic, of pipes and fittings required for the construction of some 40 km of water supply pipelines and sewers. Separate supply contracts are proposed for—

- S1. Asbestos cement pipes pressure and non-pressure of 100 mm to 400 mm diameter.
- S2. Cast iron pipes and fittings.
- S3. P.V.C. pipes and fittings.
- S4. Cast iron sluice valves.
- S5. Air valves.
- S6. Hydrants AWWA type.
- S7. Mechanical couplings.

Specifications and tender documents may be obtained on payment of the sum of 20 Dominican Pesos (RD\$20) per set from:

BANCO CENTRAL DE LA REPUBLICA DOMINICANA, Departamento INFRATUR, Santo Domingo, República Dominicana.

or on payment of the sum of 10 pounds sterling (£10) per set from:

SIR WILLIAM HARGREAVES & PARTNERS, Newcombe House, 45 Watling Hill Gate, London W11 3JZ, United Kingdom.

Tenders may be submitted for all or any of the above contracts and must be received by the Banco Central in Santo Domingo by 10:00 a.m. on 20th May, 1976, Santo Domingo, R.D.

## THE GOVERNMENT OF THE REPUBLIC OF KOREA SEOUL, KOREA

### INVITATION FOR PREQUALIFICATION FOR BUSAN PORT CONSTRUCTION PROJECT

Republic of Korea: The Busan Port Authority of the Korea Port Authority of the Republic of Korea is presently pre-qualifying construction contractors for the construction of new port facilities at Busan Port. The project will be let on the basis of a unit price lump-sum contract, for all procurement and erection. The project will be financed jointly by the Korean Government and the International Bank for Reconstruction and Development (IBRD). Applicants for prequalification must be from countries which are members of IBRD or from Switzerland and only prequalified contractors will be offered "Invitation to Tender". The rehabilitation of Pier No. 2 will consist of the following major parts of work: Rehabilitation of five transit shed; rehabilitation of approximately 800 linear metres of existing railroad and installation of 730 linear metres of new railroad; approximately 32,400 square metres of asphalt cement paving; removal and reconstruction of approximately 4,500 square metres of concrete deck; construction of approximately 330 square metres of single- and multi-storey reinforced concrete building and the installation of utilities including sewer, water and electrical distribution system.

Contractors with previous experience in similar type of works, wishing to prequalify individually or as joint venture should write to the Consultant requesting prequalification documents and enclose five (5) copies of the articles of incorporation of the company organisation, financial statements and summaries of construction experience. Prequalification documents will be available starting 26 April 1976 and the completed prequalification documents in five (5) copies in English (Korean Contractors must submit five (5) copies in both English and Korean) will be accepted no later than 1 July 1976 in the office of the Busan Port Authority, 46-83 Third Street, Daechang-dong, Dong-Ku, Busan, Korea.

Any question which may arise concerning the documents prior to their submission, should be directed to the office of the Consultant, Lyon Associates, Inc., P.O. Box 540, Busan, Korea.

Director General,  
Busan Port Authority,  
Korea Port Authority.

## Greater Glasgow Passenger Transport Executive

### GLASGOW UNDERGROUND RAILWAY: 1974 Modernisation

### Automatic Fare Collection Equipment

The Greater Glasgow Passenger Transport Executive proposes to invite tenders for the following work under the 1974 Modernisation Programme of the Glasgow Underground Railway.

The design, manufacture, works testing, delivery to site, off-loading on site, installation, site testing, setting to work and maintenance for the maintenance period of automatic fare collection equipment comprising ticket issuing machines and automatic barriers.

The Executive reserve the right to place a contract for the work in whole or in part as may be appropriate. Contractors who are interested in tendering for this work should submit details of their qualifications and experience by 19 April 1976 after which the tender documents and drawings will be issued to those contracting organisations which satisfy the Executive's requirements. Applicants must provide particulars of contracts of a similar nature and size which they have completed and state the number of years of satisfactory service.

Letters of application should be sent, in duplicate, to—

The Director General,  
The Greater Glasgow Passenger Transport Executive  
48 St Vincent Street GLASGOW G1 5TP

A separate copy, together with supporting documentation, should also be sent to the Executive's Consulting Engineers—  
Merz and McLellan  
Amberley Killingworth  
Newcastle upon Tyne NE12 0RS

## HEALTH AUTHORITIES IN SOUTH-WEST REGION

### SELECTIVE TENDERING

The Health Authorities in the South Western Region are establishing panels from which Contractors will be selected to tender for Capital Works in the following categories—

- (1) Building
- (2) Heating, ventilation and mechanical engineering
- (3) Electrical engineering

The South Western Regional Health Authority will establish a panel for its own use. This will be divided into sections each covering an administrative County (Gloucester, Avon, Somerset, Devon and Cornwall). The individual sections will be offered to the Area Health Authorities, whose boundaries coincide with those of the Councils, and who are also employing authorities for Capital Works.

The panels will be further divided into financial categories.

All existing Panels will be cancelled as from the date of approval of the new Panels and only those firms who have submitted applications in response to this advertisement will be eligible for consideration.

Further particulars and application form may be obtained from the undersigned. The form must be returned by 31st May, 1976. Regional Offices: South Western Regional Health Authority, 38 Victoria Street, Bristol, BS1 6DD.

## PEOPLE'S REPUBLIC OF THE CONGO AGENCE TRANSCONGOLAISE DES COMMUNICATIONS INTERNATIONAL CALL FOR TENDERS

LOT No. 4: SUPPLY OF RAIL FASTENERS  
The AGENCE TRANSCONGOLAISE DES COMMUNICATIONS is calling for tenders for supply of rail fasteners for the construction of the realignment of the CONGO OCEAN RAILWAYS between FOURASTIE and LOUBOMO on 88 Km. Documents for bids will be sent by air mail on demand directed to:

AGENCE TRANSCONGOLAISE DES COMMUNICATIONS - B.P. 670  
POINTE-NOIRE  
(People's Republic of Congo)

against presentation of a cheque of 30,000 F CFA or its equivalent in foreign currency. Bids close on July 1st, 1976.

SYNIAH PETROLEUM & DIST CO., PETROLEUM PROJECT  
No. 1013/23

DATE: 23/3/76

TOP URGENT NO.

The Syrian Petroleum & Distribution Company (SPDC) is seeking tenders for the supply of petroleum products to the following locations:

— 35,000 MT. Gasoline (90/100) to Latakia and Beirut.

— 15,000 MT. Gasoline (90/100) to Latakia and Beirut.

— 25,000 MT. Diesel (40/50) to Latakia and Beirut.

— 25,000 MT. Fuel Oil (28/30) to Latakia and Beirut.

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# Building and Civil Engineering

## m. shopping centre £1m. award to Tarmac

N Australia has been a restaurant and outdoor area above is to have a reinforced concrete frame which will be clad in a fluted white block developed especially for the project.

The car park will provide space for 250 vehicles plus a bus terminal and a further on-ground parking area will accommodate another 1,200 cars.

Work has begun and is due for completion in September, 1977. Architects for the project are McIntyre and Partners and structural engineers John Connell and Associates.

## Office block in Bromley

WORK IS about to start on a six-storey office block at Farwig Lane, Bromley, Kent, for Chapman and Co. (B&K).

The contract, awarded to Bovis, is worth about £677,000 and involves construction of a reinforced concrete frame, clad with glass reinforced plastic units faced with marble and flint. The staircase will be brick-clad and will incorporate a link to a second, two-storey, building.

Architects are Lawrence E. Walls and Partners.

Bovis has also won a £200,000 contract for a recreation centre at Faversham, Kent. Awarded by Swale District Council the job calls for the refurbishment of former municipal premises.

The new recreation hall will provide approximately 10,000 square feet of space for theatrical, sporting and social functions and will include a bar, kitchen and ancillary accommodation.

## Saudi Arabia venture

WIMPEY'S wholly-owned subsidiary Wimpey Fabrication has registered a local company at Al Khobar in Saudi Arabia, in partnership with the National Contracting Company, a member of the Resayat Group.

The new company called Arabian Mechanical Engineering Company (AMEC) will carry out the mechanical and electrical construction for process and industrial plants.

The new phase of the project is expected to take six years and includes the construction of 19 major buildings, together with earthworks and landscaping. The buildings include laboratories, classrooms, the president's house, a library, auditorium, students' centre and a mosque.

## Trade with Egypt

THE Building Centre and the British Overseas Trade Board are organising an inward mission from Egypt from May 17 to 21.

Representatives are expected from Egyptian building contractors, importers of building materials and an architectural practice.

British manufacturers and consultants wishing to discuss the market for their products or services and the possibility of sales, agency arrangements or joint ventures should contact Mr. W. Bridge, The Building Centre, 26, Store Street, London WC1E 7BT (01-636 1197).

## University of Baghdad project

TAYLOR Woodrow International has joined with the State Construction Contracting Company of Iraq to provide management and technical advice on the construction of a £33m phase of the University of Baghdad.

The majority of the buildings are to be of reinforced concrete frames with walls of blockwork and brickwork. Some of the buildings will have double barrel vault shell roofs, this form being adopted both for insulation and aesthetic reasons. The mosque will have a reinforced concrete shell 42 metres in diameter and 24 metres high. Extensive use is to be made of precast concrete, made with white cement. About 60,000 elements in a wide variety of shapes and sizes will be manufactured, and for this purpose a pre-casting factory will be established and equipped on the site which is generally flat and is located within a loop of the Tigris river on the southern outskirts of Baghdad.

Architects for the project are The Architects Collaborative International; structural engineers are Souza and True Incorporated; mechanical services consultants, Francis Associates/SCI, and quantity surveyors, Hanscomb Partnership.

## Quieter compressor

TO MEET a demand for exceptionally quiet construction equipment the BroomWade CA18 portable air compressor has been modified so that the noise level at full operational power is not more than 70dB (A) at 7 metres. It should comply with all existing and proposed European noise legislation, says the maker.

This noise level means that the compressor at work is barely audible to passers-by, and the machine is stated to be suitable for use on construction projects close to sound sensitive areas such as schools and hospitals.

Noise reduction has been achieved by, among other modifications, double-skinned body panels and extra baffling to lengthen the air-path through the compressor. It can be started and stopped without opening the main access doors.

A two-wheel unit, it has a single stage rotary sliding vane compressor with an output of 86 cubic feet/min at 100 psi, and is driven by a Perkins three cylinder direct injection diesel engine. CompAir Construction and Mining, Camborne, Cornwall, TR14 8DS.

## 1.5m. bricks for Hackney housing

OVER 1.5m. quality facing bricks and special shapes are being supplied by Istock Building Products, Leicester, to the London Borough of Hackney. They will be used for housing developments at the Clapton Stadium site and at Farncliff Road, together costing in the region of £10m.

At Clapton the scheme will provide low rise housing laid out in a series of irregularly sized courts. Short terraces, mainly of three-storey houses, flats and maisonette blocks, with a small number of two-storey houses and a four-storey block of old people's flats comprise the scheme, which will also have provision for parking 150 cars.

Short three-storey terraces grouped round existing trees will be built at Farncliff Road.

For the first scheme the architects are Bader and Miller, and the contractor is A. E. Symes. While the other work is by direct labour.

## n. worth Gough oper

ACTS totalling over £7m. center Housing Association Keynes Development, Northampton. Development Corporation and General Housing Association have been won by Gough

has already begun on Leicester Housing Association contract which is for 139 flats and maisonettes at Mt. Leys.

£1.1m. Milton Keynes Development Corporation contracts soon and is for 115 at Great Linford. Work begins soon on 78 flats at npton in a £606,000 Northampton Development Corporation.

General Housing Association contracts are for 53 flats in Loughborough and 22 flats and 48 at Helleston, near h.

£1.2m. Suffolk contract ready begun while the 1 North contract is due shortly.

## n. store Plymouth

At £1m. a contract for construction of a superstore north, has been awarded to Mowlem Group, by Asda-Dairies of Leeds.

## £1.6m. jobs for FPA Finnegan

CONTRACTS worth nearly £1.6m. for work which includes the construction of a factory at Sheffield, 105 local authority flats and a hostel on Merseyside, and a private residential development at Willaston, have been won by FPA Finnegan, main building subsidiary of the FPA Construction Group.

The factory is for Hadee Engineering Co. at the Holbrook Industrial Estate, Macclesford, and the contract figure is nearly £1,000,000. The local authority housing contracts are for Liverpool Corporation and the Metropolitan District Council of Salford.

The private residential contract is the first phase of a development at Hooton Road, Willaston, and covers site clearance, construction of roads and sewers, and the erection of 48 detached houses. The contract is worth about £300,000.

## Office block in Bromley

WORK IS about to start on a six-storey office block at Farwig Lane, Bromley, Kent, for Chapman and Co. (B&K).

The contract, awarded to Bovis, is worth about £677,000 and involves construction of a reinforced concrete frame, clad with glass reinforced plastic units faced with marble and flint. The staircase will be brick-clad and will incorporate a link to a second, two-storey, building.

## Installation of services

A £625,000 mechanical engineering services contract for the 180,000 square feet Reckitt and Colman pharmaceutical production laboratories now under construction at Dinton Lane, Hull, has been awarded to Rosser and Russell (Northern), a member of the Rosser and Russell Group.

The work calls for the design and installation of medium pressure hot water boiler plant, heating, ventilating and air conditioning systems; a chilled water installation, process pipework systems and hot and cold water systems.

## Exports bid by Lovell

FACTORY constructed buildings which may be used for housing, offices, schools and other types of accommodation are to be produced for the export market by Lovell Housing of Marlow, Bucks.

Wall panels, complete with doors and windows, are completely pre-finished internally and externally with the need for decoration on site.

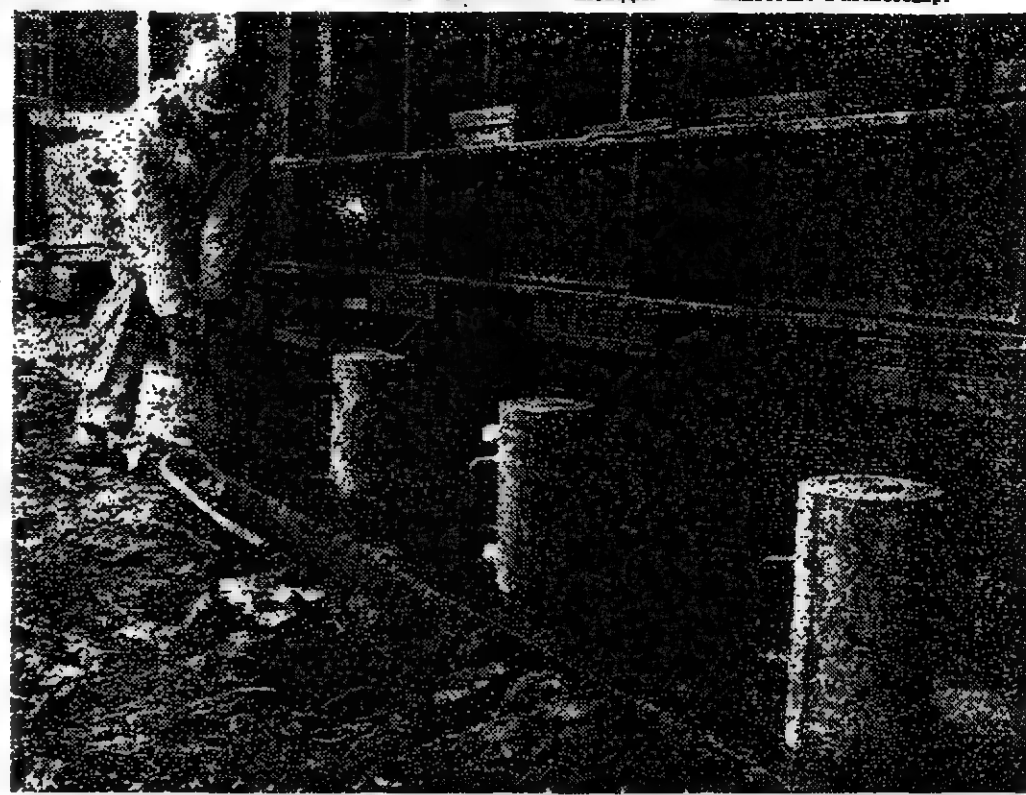
The system is suitable for both single and two-storey buildings with either flat or pitched roofs.

## Contracts in the North

WORK is under way on a £1.3m. three-phase contract for modernising and repairing tenanted houses on the Woolfall Heath Estate, Huxton.

The contract, which is the first of two to be placed with Holland, Hannen and Cubitts (Northern) by the Metropolitan Borough of Knowsley, involves 265 dwellings.

The second contract is for improvements to a further 48 premises in Knowsley's Prescot district at a cost of £230,000.



Some of the small cylindrical jacks which were used to lift a 500-foot-high, 14,000-ton off-shore oil rig jacket before it is floated out to the Broom Field to form the base of a Shell-Eso drilling rig. The Enerpac cylinders each have a loading capacity of 90 tons and they were linked to nine

hydraulic pumps. By placing 114 of the cylinders at strategic points on the rig jacket, the whole structure has been lifted out to nine "sedges" which will carry it down a slipway to the water's edge. The cylinders were designed by Applied Power International, of Newhaven, Sussex.

## Pin-points the site

A NEW positioning system for offshore drilling rigs, based solely on satellite navigation, has been developed in Norway by Norcontrol A/S, Holmenveien 20, Oslo 3.

The new development, called the Rig Locator—a special version of Norcontrol's "Data Bridge" computerised integrated navigation and collision avoidance system—eliminates the need for radio navigation in fixing a new rig location, while offering a high degree of accuracy.

Current positioning methods involve laying a preliminary location buoy pattern, at a new site, from a survey vessel using

radio navigation. The rig is then positioned within the pattern and final adjustments made by satellite navigation, a procedure which can often cause expensive delays.

With Rig Locator, a location buoy pattern is not needed. The system uses the Magnavox dual channel satellite receiver a doppler sonar log, the rig's gyro compass and specially developed software to give highly accurate minute by minute updates of rig position.

The data radar display, in addition to all the features found on Data Bridge, also provides the rig approach line with the final orientation clearly marked. This allows the relative position of the new location and the distance from it to be continuously observed on final approach so the rig—whether self-propelled or towed—can be guided exactly on to site.

## Suitable for very hot climates

TEMPORARY accommodation units designed to provide recoverable, and fully mobile, administrative, living, restaurant or medical facilities are now being produced by Wyseplant of Chawston, Bedford.

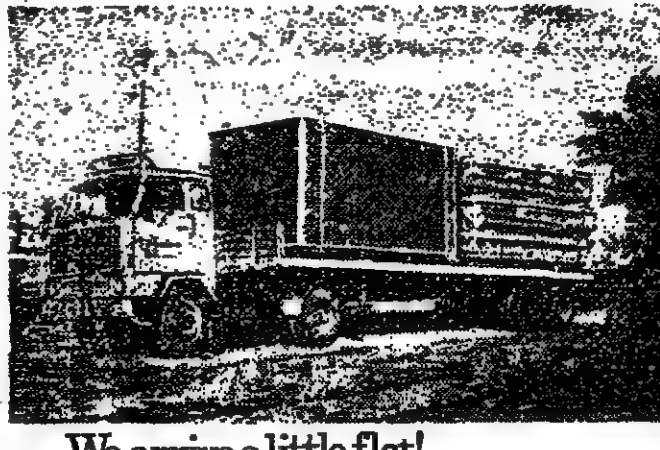
Intended especially for the Middle East they are of knock-down type construction and reduce to one third of their erected size for transportation. The units are manufactured in 7.3 metres and 10.3 metres basic lengths in widths of 3.6 metres for road or rail transportation or 2.7 metres and 3.0 metres widths for sea transportation.

The timber framed buildings—aluminium clad to provide a cooling reflective surface—are skid mounted and rugged enough to be towed over rough terrain from site to site without damage.

Roofs are designed to withstand the long term effects of high temperature environments and fibre-glass, laid within all wall and roof sections, provides thermal insulation.

## IN BRIEF

- Walter Lawrence and Son has begun construction of a telephone exchange for the Post Office at Haslemere, Surrey. The contract is worth £780,000.
- Mears Construction has won a £500,000 contract from Surrey County Council for the proposed dualing of the existing carriageway of the A217, between Bunsford cross-roads and the County boundary near Sutton, Surrey.
- Ted Taylor and Associates of Liverpool and White Young Petrochemicals of Ramora have set up a consultancy and engineering design service to the edible oil industry.
- Anyone concerned with aggregates and derived products may find useful sources of reference in The British Quarrying and Slag Federation's latest directory. Copies, price £1.75 from the Federation at 14 Waterloo Place, London SW1 4AR.
- A contract valued at £121,000 for the construction of a reinforced concrete slipway at Moorgreen Reservoir, Newthorpe, Nottingham, has been awarded to Mowlem Northern by the British Waterways Board.
- The newly formed Military Engine Division of Rolls-Royce Motors Diesel Division is to be housed in a specially commissioned building at Shrewsbury. With a budget cost of about £24m. Without machines or test cell installation, the building will be used for the machining, assembly and testing of engines. The steel work structure, comprising more than 1,000 tonnes, was fabricated and erected by John Booth and Sons (Bolton).



We arrive a little flat! —but we soon Build Up.

The Euroco is available in four basic sizes and can be built up to suit your needs. It is easy to erect. All you need are a couple of men, simple hand tools and a suitable foundation. The sides slot into the base, the corners are bolted together and the roof is then added.

It's really tough! The Euroco is exterior clad with PVC coated steel and has a coated galvanized roof. So it's built to last and on site. The Euro is used with a steel base to protect it from the weather. It's thermally insulated. Between the interior board and exterior steel panels are sheets of fibreglass wool bonding, and solid concrete, and the Euroco can readily be fitted with air conditioning for central heating.

Euroco comes in lengths of 17, 22, 27, 32, 37, 42, 47, 52, 57, 62, 67, 72, 77, 82, 87, 92, 97, 102, 107, 112, 117, 122, 127, 132, 137, 142, 147, 152, 157, 162, 167, 172, 177, 182, 187, 192, 197, 202, 207, 212, 217, 222, 227, 232, 237, 242, 247, 252, 257, 262, 267, 272, 277, 282, 287, 292, 297, 302, 307, 312, 317, 322, 327, 332, 337, 342, 347, 352, 357, 362, 367, 372, 377, 382, 387, 392, 397, 402, 407, 412, 417, 422, 427, 432, 437, 442, 447, 452, 457, 462, 467, 472, 477, 482, 487, 492, 497, 502, 507, 512, 517, 522, 527, 532, 537, 542, 547, 552, 557, 562, 567, 572, 577, 582, 587, 592, 597, 602, 607, 612, 617, 622, 627, 632, 637, 642, 647, 652, 657, 662, 667, 672, 677, 682, 687, 692, 697, 702, 707, 712, 717, 722, 727, 732, 737, 742, 747, 752, 757, 762, 767, 772, 777, 782, 787, 792, 797, 802, 807, 812, 817, 822, 827, 832, 837, 842, 847, 852, 857, 862, 867, 872, 877, 882, 887, 892, 897, 902, 907, 912, 917, 922, 927, 932, 937, 942, 947, 952, 957, 962, 967, 972, 977, 982, 987, 992, 997, 1002, 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MONDAY, APRIL 5, 1978

## Profitability and jobs

THERE is now clear evidence from our own survey of business opinion and that of the CBI that the economic recovery is gathering pace. As it does so, the financial pressures on many companies, and not just the over-gearred ones, will increase. They will need more cash for working capital (ICI has estimated that it will need £200m more for this purpose in 1978 than last year) and in finance investment in the new plant and equipment which rising sales will call for. To the extent permitted by the state of the stock market and their own share price, companies will continue to raise equity capital: a removal or at least a relaxation of dividend restraint would be a useful fillip for this source of funds and it is to be hoped that the Chancellor will indicate some moves in this direction to-morrow. But it is the internal generation of cash which will be of crucial importance in the coming year: the funds will not be available in anything like the amounts required unless the existing system of price control is drastically altered.

## Presentation

All controls of this kind, whether over prices or wages, become increasingly difficult to administer after the initial shock has worn off. Ideally the price code should be abolished, but since the Government is committed to replacing the present £8 limit with a tighter form of wage restraint, some continuing controls over prices are politically unavoidable. But whatever the Chancellor's problems of presentation, the fundamental need for a shift of resources from the personal to the corporate sector must be recognised, and this means higher profit margins. The historical bases of the code, relating to profits earned in 1967-72 and to prices charged on April 30, 1973, were tolerable for most firms as long as severe competition was holding prices and profits well below permitted levels. But this situation will soon no longer apply. A good many companies will be humbling up against their profit margin ceilings during the next few months.

There are several ways in which the ceilings could be

revised. One of the most obvious is to follow the logic of the Chancellor's decision on stock profits for tax purposes and to exclude profits on stock appreciation from the calculation of profit margins under the code. The same logic suggests, as the CBI has argued, that companies should be allowed to charge depreciation on the basis of true replacement costs rather than on historic costs as at present. The investment relief provisions should also be widened.

## Margin control

The CBI would like the Government to get rid of the cumbersome procedure whereby companies have to apply to the Price Commission in advance for individual price increases: it would prefer the revised price code to be based primarily on margin control. If, as seems likely, the Government insists on retaining some arrangements for monitoring price increases, the "allowable cost" system has to be rethought. At present any reduction in manufacturing costs, whether achieved through greater efficiency or through new investment, has to be passed on as a deduction from allowable costs. It discourages precisely those activities—getting more out of existing capital and making new cost-reducing investments—which the Government has been urging industry to undertake.

Despite recent warnings by the Bank of England and others the connection between profits, investment and jobs is still imperfectly understood, especially in sections of the Labour Party. This is partly because of the Government's unfortunate habit of bailing out unprofitable companies and providing them with taxpayers' money on a generous scale. There is also a school of thought which argues that any shortfall in funds for industry can be made good by Government-induced tinkering, ranging from industry Act schemes to the Equity Bank. But unless industry is allowed to rebuild its profit margins now that market conditions are more favourable, the country's other economic objectives will not be realised. The Government must make this clear to its supporters, and revise the price code accordingly.

## A disappointing summit

THE EUROPEAN COUNCIL—the proper name for Common Market summit meetings—was devised to allow Community heads of government to meet informally, without undue publicity, without a fixed agenda, and without being obliged to take major decisions. At its best, the council would have enabled the heads of government to discuss their internal problems and the constraints imposed on the development of the Community within those limits, and assuming a common will that the Community should be developed, the council should have been able to lay down the guidelines for future development to the Community's more formal institutions.

By those standards, it is very difficult to find anything positive to say about the meeting of the council which took place in Luxembourg last week. The heads of government failed to agree on any of the issues of substance before them: direct elections in the European Parliament, the follow-up to the Tindemans Report on European union, and the economic situation. It was also far from being an informal gathering: it met as a kind of superior Council of Ministers and referred the problems back to the Council of Ministers proper, which had already failed to solve them.

## More modest

By the vastly more modest standards which the Community of late seems to have adopted, however, it is just possible to salvage something. For instance, the Community does now appear to be moving towards a consensus that the aim of economic and monetary union cannot be achieved by technical devices such as the currency snake. There will have to be a transfer of resources, probably coupled with greater economic discipline in some member-countries. Whether this is politically possible

is another matter, but it is an advance that the Community is beginning to acknowledge the reality. It is also true that the decision on direct elections was postponed rather than abandoned. The Community remains committed to the principle and the heads of government will resume their discussions when they meet again in July. In theory, and if the will were there—in practice, a decision then could still allow the elections to take place by the target date of 1978.

## Less acrimony

Finally, it might be said that the Community has weathered a number of recent storms without undue acrimony. The old-style internal Common Market "crisis" seems to be over. After all, the French have again withdrawn from the snake, but without appearing seriously to impair Franco-German relations. In the old days it would have been different: now that the Community no longer quarrels very much with itself, such an event is seen as just another setback. Perhaps this kind of unambitious Community is what the present heads of government prefer and it is certainly a characteristic of President Giscard d'Estaing of France that he seeks a confrontation with no one, not even his avowed opponents. Yet the other side of the argument is that a Community which ceases to quarrel among itself has nothing to quarrel about. Nothing is thought important enough to defend when it can always be deferred. The European Community is now very close to this state of affairs. Through no fault of M. Tindemans himself—the task was impossible for one man—the Tindemans Report has led nowhere. Do the member governments any longer have the will to do better?

Extra ways of helping investment are being studied. A report by William Keegan and Adrian Hami

## Why new finance means less industry than politicians

THE more political and economic attention has been turned to the problems of reversing the decline in British manufacturing industry, the more intense have become the calls for radical reform of and intervention in the financing mechanisms. The nationalisation of the banks and insurance companies, directing a proportion of their investments into particular sectors, has been urged along with new and subsidised forms of long-term finance for manufacturing investment.

Much of the Labour Party now believes in something along those lines. The unions have once again called for it. The Cabinet argues about it. A high-powered National Economic Development Office-Bank of England committee has been set up to study it. The "Think Tank" has been involved in it. The City worries about it. Even some leading figures in banking have seemed not averse to it.

A good deal of the debate, it is true, can be summed up as fairly cynical or clichéd posturing. The City has always been an easy scapegoat for the country's economic woes, just as it has always been unpopular in the eyes of manufacturing industry itself.

Equally, a fair amount of the manoeuvring now going on in the City and in Government circles to create a new equity bank funded by the institutions to strengthen Finance for Industry, and to examine the problems through the agency of the NEDO committee can be ascribed not so much to any genuine conviction of the need for change as to a desire to counter and defuse the growing calls for such a change.

## Important coinage

Yet the issue of industrial finance remains a real one, if only because it has become so important a coinage in the political currency of the moment. On the desk of every leading banker is a copy not of the Confederation of British Industry's Budget representations but of well-known *Economic Review* recently published by the TUC. Mr. John Hughes' Fabian pamphlet on *Funds for Investment*, which argues for a central fund fed by corporate profits and redistributed for investment, is readily quoted. Bankers and insurance companies appear to take seriously the demands for outright nationalisation of their institutions.

The argument for change is undoubtedly an attractive one. Britain's manufacturing base is in decline and has suffered from years of low investment. When comparisons are made with our stronger competitors such as Japan and France—the idols of the "Nipponboners" and Franco-obsessed members of the Civil Service responsible for the industrial strategy—clear differences do emerge in the way in which industry is financed.

Compared with Britain, and that some intervention is required both to direct a proportion of funds into manufacturing industry and to ensure that the institutions take on greater direct responsibility for the efficient running of British enterprises.

This line of argument, however, runs into difficulty when set against the experience of the past and the actual requirements of British industry for finance. Statistics on industrial finance are hopelessly inadequate, and there is an urgent need—as the NEDO committee has already found—for a realistic assessment of the picture. Such evidence as there is certainly supports the view that the fixed capital formation in U.K. manufacturing industry has been low by comparison with our major competitors. Indeed, a recent Treasury written answer in the Commons suggested that in the last ten years or so the capital base has hardly grown at all.

The big point which appears to have been missed by so many of the proponents of radical changes in the financing structure, however, is that this poor investment picture (always assuming it is undesirable, and not part of some inevitable long-term adjustment) is not the consequence of financial constraints.

The evidence that the problems of British manufacturing investment result from lack of funds is far from impressive. Recent reports suggest that even in the height of the property boom banks still had plenty of money earmarked for manufacturing investment, some of which was never taken up. Since then the availability of bank finance has become even more apparent: all banks are well short of their lending limits, and only

explosion in raw material costs. Few are prepared to risk making the same mistake again: they are keeping a higher proportion of their available finance in reserve to meet any future rise in raw material prices.

The Government could attempt to get round these problems by acquiring direct control to force the pace of industrial investment, as the Left wing argues, through nationalisation and the National Enterprise Board. But one is then back with all the old problems of selecting projects and companies for investment which the market has judged unsuitable. Ultimately, it is factors other than the simple availability of finance which will determine whether the apparent decline in the U.K.'s capital base can be reversed—again, always assuming that this is either possible or desirable. These include the trend of profitability; the rate of inflation; productivity levels and far from least the demand of the public sector for control of the public sector's resources.

The problem of low investment in British industry, none the less, remains a matter of extreme concern. By any account the contraction of U.K. industry's capital base, the high proportion of its value-added which goes to wages and taxes rather than research and investment, and the lack of confidence of its members requires attention. And finance and the financing mechanisms must play a central role in the debate. The impression that financial constraints have not been severe in the past does not mean they can be dismissed out of hand in today's climate.

Inflation has wreaked havoc both with the means of raising long-term finance and with the expectations and investment

criteria of the customer as this is so, there is a case for examining finance at reasonable medium-size companies rather than leaving financial institutions to their own accord. It is not that the Government should not worry about the particular cost of finance which can be repaid from rather than an individual point of view. But companies are concerned about individual projects, at that their need for finance with a later not fully met by the inference for shorter-term recovery, there are fears that companies again find themselves working capital problems, with high and a change in ratio, will be "finance inflation" too much. For this for no other, they prove the equity companies and ability to borrow, immediately as later

Investment picture. In the words of a director of one large company: "If you want the investment picture ultimately to have a reward ratio, either reducing the cost of which in effect we move Government's. The important part of the high-powered investment picture is the obvious decline in the obvious terms of (1) investment financing and (2) likely to over the next two years. The Government's trial strategy has already a commitment to public and private claims on resources. Finance may be on a list of 16 or 17 items confronting Britain in seeking the manufacturing investment it is in the top of politicians' list. It means that it will forefront of economic political debate in the But if the private sector is given a chance of Left-wing criticism, at least of the investment picture with the investment picture, and means fair dealing on Code, and on companies to pay the dividends

price Board. But one is then back with all the old problems of selecting projects and companies for investment which the market has judged unsuitable. Ultimately, it is factors other than the simple availability of finance which will determine whether the apparent decline in the U.K.'s capital base can be reversed—again, always assuming that this is either possible or desirable. These include the trend of profitability; the rate of inflation; productivity levels and far from least the demand of the public sector for control of the public sector's resources.

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## MEN AND MATTERS

## Towie, alarms and Securicor

Securicor always was an unusual business, thanks mostly to the often off-beat views on corporate responsibility of Keith Erskine, driving force behind the security company until his death two years ago. One of his ideals was to run it as a "mutual" concern, limiting profits to 4 per cent of turnover by pegging prices or by raising wages. Erskine also favoured a Board with strong non-executive bias, though the people he picked to sit on it were hardly from the usual run of the City non-exec. circuit.

They include at present, for instance, Sir Ranulph Bacon, former Assistant Commissioner of the Metropolitan Police, and two ex-Home Secretaries, Lords Carr and Brooke. Out of 19 directors, only five have been executives. Now a sixth has been added, with the twist that he is the first full-time director to join from outside.

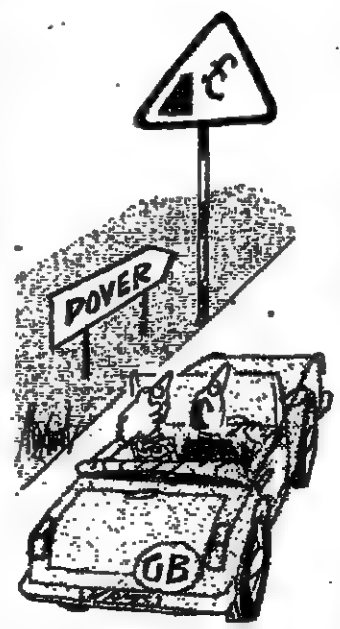
Peter Towie's career started in alarms (with a company called Autocall), and he has been back to them in recent years, becoming the first chairman of the British Security Industry Association's new alarms committee. After ten years with Autocall, he worked for the Francis Sumner group, where he took charge of such diversities as garden furniture, TV shops, menswear and even button manufacture. Then he was with company doctor Ian Morrow's team at Associated Fire Alarms. More recently, Towie has been managing director of International Time Recording, part of the Bracks Group (more alarms) until its sale to a private company, Redgate Securities.

packages—two of the clearing banks use it for large stationary movements and a third should be a customer soon—and the cleaning division. These activities together account for a quarter of Securicor's £61m turnover. He is unsure yet whether he will also cover eventually the cash-carrying and guard work. Then there is Securicor's alarm division. That should be booming: Towie reports that because of the proliferation of new equipment, the police are not keen to clutter their stations with alarm lines, which presents private enterprise with new business opportunities.

## True words in jest?

Things are not good, we know, but there seems to have been no shortage of jolliness among the economists and politicians at a week-end conference organised by Glasgow University in bi-centennial honour of one of its old professors, Adam Smith of *Wealth of Nations* fame.

I particularly like a couple of the stories going round. One was told by the university's present chancellor, Professor Alec Cairncross, who pleaded the truth of it. The Inland Revenue heard recently about this chap Smith and his book, and began inquiries as to his whereabouts. Some was suggested the Revenue try asking David Hume, an Edinburgh philosopher who was a contemporary of Smith (he actually died in 1776). A letter on the subject duly arrived at Edinburgh University for "D. Hume."



sure officials were hard at work on the Budget speech in Friday were said to have heard gales of laughter interrupt the proceedings at one stage. It will be interesting to see if we can all spot the passage and share the joke to-morrow.

## Unseemly haste

There is a certain black humour in the story a reader has to tell about his efforts to obtain a book called *Leaving Britain*, which claims to advise on all the commercial and domestic problems which can arise when a permanent move out of the old place is attempted. He got the following reply from the Book Centre in London to his application for a copy: "We regret the delay in supplying your order for this publication. The heavy demand for copies has temporarily exhausted our stock, but we are assured by our printer that a revised reprint edition will be

ready towards the end of April. Your order has been carefully recorded. . . ."

## Friendly

Peace appears to have broken out between those not always matey militants in the National Union of Mineworkers, Yorkshire president Arthur Scargill and Scottish president Mick McGahey. A rift between the two developed at last year's annual conference over a £100 a week wage demand from the Yorkshire NUM. The claim was eventually agreed, but in a much modified form with no time limit. Later angry Yorkshire officials blamed a change of heart by their Scottish colleagues.

Hostility deepened over the issue earlier this year of the closure of Langwith colliery, when Scargill led efforts to persuade all areas to take industrial action in order to reverse the shut-down decision. McGahey abstained in the first national executive committee meeting on the matter, though he later voted in favour of an overtime ban.

In the past few weeks there have been efforts to repair any breach. They seem to have been successful: yesterday Scargill said he had accepted an invitation to be a guest speaker at the Scottish gala in June.

## McGuh

I hope Scotland's stirrings of independence are not going to be accompanied by too many new (at least to me) words of the sort that appears in one Press release from over the border. It reads: "The Scottish Opera announce the retiral of their chairman."

Observer

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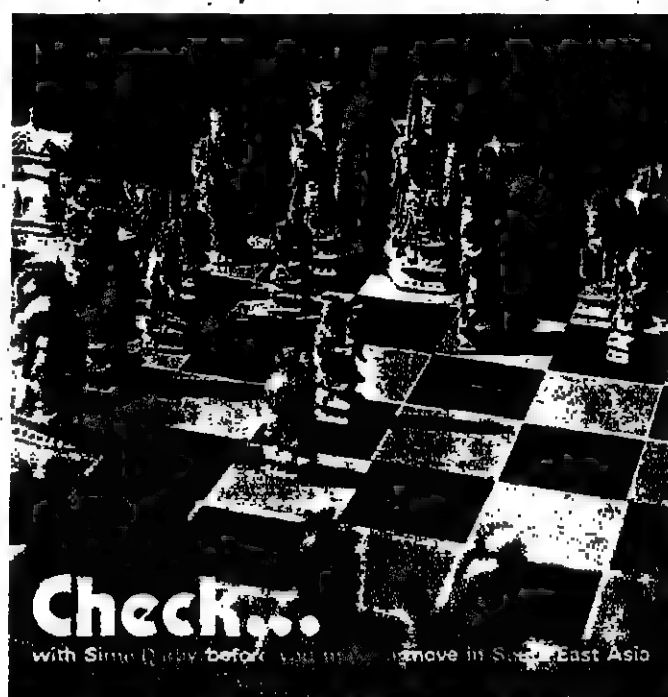
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# FINANCIAL TIMES SURVEY

Monday April 5 1976

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While Malaysia and Singapore have been our traditional bases, and plantations, heavy equipment and general trading were the activities on which Sime Darby was built, we have always been conscious of the potential in regional and international business growth.

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This took us into manufacturing, trading, distribution, insurance and shipping in Hongkong, Thailand, Indonesia and Taiwan. And this development, which has been most marked in the past 15 years, now sees the Sime Darby Group with strong food and beverage manufacturing, vehicle distribution and engineering contracting bases through Amoy Canning and China Engineers in Hongkong; Industrial products dealerships in Thailand and Taiwan; Food processing, engineering, manufacturing and trading in technical equipment, building products, commodities and industrial equipment in Singapore; Management of tractor and equipment dealership, property development, plant hire and manufacture and distribution of security equipment in Indonesia.

Nor have we limited our horizons to Asia. We have a strong link with the Indian Shaw Wallace Group, we have interests in money broking and insurance in Europe and North America and our commodities and fertiliser trading operations circle the globe.

**We've recognised the value of strong, progressive partners.**

Sime Darby has long been associated with an impressive range of partners and principals, who stand as testimony to our progress and potential — British Paints, Cadbury, Caterpillar, Chubb, Ford, ICI, Remy Martin, Westinghouse.

Nor have we limited our partnerships to international companies. We have established sound partnerships with Government agencies in South-East Asia, for example Pemas in Malaysia and the Development Bank of Singapore.



Sophisticated equipment for important national development projects in Malaysia. Sime Darby has been closely linked with Caterpillar since 1928.

Furthermore, we have recognised the value of strong partnerships with people and our obligations to the countries and communities in which we work. For this reason we have put heavy emphasis on training programmes for our tradesmen and indigenous executives.

**And now we're concentrating on bringing the best technologies from the West to our operations in the East.**

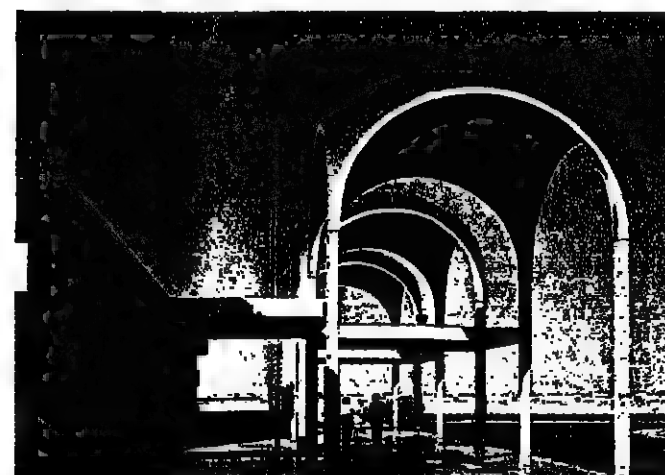
In the past five years, the Sime Darby Group has risen to a leading position in business in South-East Asia, as a result of a period of rapid and exciting growth. But this growth brought with it a need to rethink our future and plan carefully for the last quarter of the 20th century. So we have begun a phase of change as the most important result of a brief period of consolidation.

We have introduced a new management team in the parent company — a team which has brought to the Group new experience and capacity. We have broadened our base a little by acquisition and we have defined the directions in which we will move, and how we will grow.

And this movement and growth will in future come from carefully planned organic growth and acquisition in activities which fit into our established strengths or are complementary to them.

One of the major factors in our new growth will be the introduction of the best technology in the world into our areas of expertise in South-East Asia. We will seek technologies that fulfill needs, raise living standards, boost production and contribute to the further development and competitiveness of industry in South-East Asia.

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Meeting development needs internationally. The Rashid Hospital in Dubai is one of the many successful contract engineering projects undertaken in association with other British contractors by Marryat Jackson Norris, part of our new UK subsidiary, Architect John R Harris FRIBA AA Dip(Hons).

**So if the future's your business, it's time to check again with Sime Darby.**

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Sime Darby is a technology-conscious company. If you value technological leadership and recognise the scope for introduction of new technologies in South-East Asia — Check with Sime Darby.

Sime Darby is a company that's going places internationally. If that interests you — Check with Sime Darby, internationally.



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## MALAYSIA II

The death last January of Tun Abdul Razak, Malaysia's Prime Minister, brought the country face to face with a number of fundamental and interlinked problems—political, economic and social. In the immediate future these problems could evolve into a series of crises.

# Atmosphere of calm prosperity

NEITHER THE current political squabbling nor any note of danger has yet ruffled the booming prosperity of the capital Kuala Lumpur or the rich peace of most of the green countryside. Malaysia is still the most pleasing country in Asia to visit, and after India and Indonesia one of the most fascinating. Sometimes Kuala Lumpur seems as if it is trying to suffocate itself in prosperity with tall buildings springing up, hemming in narrow roads choked with snarling jammed traffic; yet even in Kuala Lumpur there are plenty of wide green spaces offering a place to relax and breathe which is hardly possible in neighbouring, greedily frenetic, Singapore. Racial harmony is good and it is not uncommon to see pretty Malay and Indian and Chinese children wandering hand in hand to school. The ordinary people on the street are usually smiling and friendly and ready to chat or be helpful.

Out in the countryside life is slower, more humdrum, poorer. But Malaysia is as rich as paradise compared to say Bangladesh or rural India. There is not the same pressure on land or for food.

In spite of all these good things, new tensions have sprung up in the Malaysia of today. You can get a clue in the various security checkpoints in and around the capital. These are a lot more determined and thorough than a year ago.

Problems undoubtedly exist. Politically there are important splits and squabbles among the United Malay National Organisation (UMNO) politicians and the ugly issue of corruption in high places has burst into the open. The Malaysian economy is

beginning to pick up and head again for real growth running into double percentage figures, but with the Third Five Year Plan about to be launched, one issue is who is going to get the major share of the benefit of that growth. And then there is the security issue which came to the fore with a vengeance last year when Communist terrorists emerged from their jungle hideouts to bomb the National Monument and even more audaciously to lob hand grenades into the headquarters of the paramilitary police force in Kuala Lumpur.

## Pressures

The political question overshadows all the rest because they all to some extent stem from it. In recent years the Chinese and the other minority communities have all had their problems and pressures, but the important question is what happens within the Malay community.

Tun Razak's death from leukaemia caught everyone by surprise, although exactly why this should be so remains a mystery, considering the nature and the seriousness of his illness. It has been universally seen as a serious blow to Malaysia, but if Datuk Hussein can grasp fully and firmly the reins of power he may be able to deal with the difficulties he has inherited.

By any standards Tun Razak was a great man with many achievements to his credit. For years he loyally served Tunku Abdul Rahman as his deputy and was largely responsible for building up Malaysia's efficient civil service, one of the best in Asia. Then when he took over from the Tunku in 1970 he set about remedying some of the

serious deficiencies that the Tunku in his happy-go-lucky way had ignored.

The poor of Malaysia have a lot to thank Tun Razak for. It was he who pushed forward the New Economic Policy with its twin aims of eradicating poverty among all Malaysians and of eliminating the identification of race and job. If South East Asia ever manages to assert its own identity and to live in peace with Communist Indochina it too should thank Tun Razak. While the rest of the region was content to be virtually an American satellite Tun Razak and his deputy, Tun Dr. Ismail, accepted the idea of "living with the Reds" and proposed that South East Asia should be a zone of peace and neutrality. Tun Dr. Ismail had actually put the idea forward when the Tunku was in office but it had been waived aside.

But in the last two years the strain began to tell. In 1973 Tun Razak was deprived of death of Tun Dr. Ismail who was very much a strong man and kept other potential rivals in their place. Datuk Hussein who succeeded as Deputy Prime Minister could not fulfil that role. A spate of problems appeared and the truth is that Tun Razak could not cope with them. There was corruption of a number of leading Malays; there was an outbreak of violent demonstrations at the universities in Kuala Lumpur in December 1974. Ironically Tun Razak was largely led by Malay students claiming that corruption among the elite was hurting the rural poor; there were distortions to the Bumiputera (the word literally means son of the soil, that is Malay) policy which attempted to redress the economic imbalances between the Malays and the other communities; there was the resur-

## Security

Tun Razak did his best so far as institutional questions were concerned. He pushed through a series of draconian laws to try to deal with the security situation. Terrorists and other subversives would henceforth be tried in special courts where they would have to prove their innocence, rather than the prosecution their guilt. Prosecution witnesses would be allowed to give their evidence in writing to conceal their identity and evidence could be heard in camera. Moreover, under the laws, suspected terrorists could not be given bail or released on grounds of insufficient evidence. Judges were deprived of discretion and had to impose the maximum sentence. In an attempt to remove the university troubles, Tun Razak allowed regulations which disbanded all university organisations and prevented political activity or demonstrations in the universities.

But the late Prime Minister seemed incapable of taking on crimes involving other people especially the petty chieftains of UMNO and its allies. Thus he dithered over his handling of Tun Mustapha, the Chief Minister—and by his behaviour Sultan almost—of Sabah. Eventually he managed to get Tun Mustapha to step down as Chief Minister but Tun Mustapha is still effective ruler of the Borneo state. Tun Razak dithered and dallied over whether to prosecute Datuk Harun Idris, the powerful Chief Minister of Selangor State and president of the UMNO Youth, on corruption charges and almost to the end was trying to compromise by offering Datuk Harun the post

of envoy to the United Nations. Whenever other people were involved Tun Razak tried to compromise rather than to face the problem squarely. He shelved his immediate difficulties but only caused them to pile up later for himself and his successor.

The start of the rule of Datuk Hussein did not appear auspicious. On the night of Tun Razak's death, he broke down in front of the cameras and was only able to manage a few words at a time between sobs. He himself has already had a heart attack.

Since then he has shown a remarkable change. The new Prime Minister has asserted himself in the strongest manner. He has staked everything and risked a huge split in UMNO by driving Datuk Harun Idris from his UMNO offices and successfully pressing the Selangor UMNO assembly members ten days ago to throw the Chief Minister from office. He has given tough instructions to the security forces to stand no nonsense and all in all promises a new regime that will sweep away the corruption that has lately infected Malaysia.

Some observers, particularly foreigners, are jubilant and see a victory already for Datuk Hussein. This is probably pre-

mature. The Prime Minister's action in bounding Datuk Harun from the party roused the old guard leaders and even persuaded Tunku Abdul Rahman to throw his hat into the ring again as a possible contender for Prime Minister. If Datuk Hussein is as keen as he promises to drive out all traces of corruption, then he may face difficulties from those who benefit from corruption.

Datuk Hussein's real battles are in fact just beginning. Victory in the political struggle is a prerequisite, but of itself does not solve all the other questions. Such things as ensuring balanced economic development, the harmony between the races, and defeating the Communist terrorists cannot be done by legislation or by strong-arm measures alone and there are some Malaysians, as for example Ungku Abdul Aziz, the Vice-Chancellor of the University of Malaysia and a cousin of the Prime Minister, who fear that the new administration will put so much energy into the campaign to clean up Malaysia that it will either forget or have no time left for vital economic and social matters which need the forcing edge of political commitment and backing.

With that caveat it must be said that the new Prime Minister has a lot in his favour.

He is personally respected by all races, a factor which could be especially valuable in keeping the Chinese on his side and winning the war against the Communists. One undoubted factor which has helped the terrorists has been growing Chinese unease about some of the pro-Malay policies; this helped create the right kind of environment in which the Communist guerrillas can thrive.

## Failed

Datuk Hussein Onn is the son of Datuk Onn Jafaar, a founder of UMNO. During the Second World War Datuk Hussein served as a captain in the (British) Indian Army. In the 1950s Datuk Onn tried to convert UMNO into a multi-racial group and when he failed left it with his son. Politically the move was a mistake because all Datuk Onn's support stayed with UMNO. But Datuk Hussein loyally stayed in the wilderness with his father until Datuk Onn's death; only then did he rejoin the party. The new Prime Minister has said: "I would rather be politically unpopular than fail in my duty. What is one's political future compared to one's responsibility?"

No one can cast any doubts on Datuk Hussein's integrity and it is undoubtedly puzzling

some leaders that Prime Minister is to buy anyone's support. He would have helped a quest for men's support. Datuk Hussein demanded their ally they would have to one else for the job Minister.

Malaysia's economy strong position while help Datuk Hussein, although commoditised, Malaysia's real growth now as the Treasury at 3.5. This year, as the year from its recession, to reach double figure Bangladesh, India and other developing. Malaysia does not have unduly about growth population explosion. Only is so strong an aid that there can be tunities for all profit Hussein can curb the cesses and reassures peasants, the Chinese foreigners of his good has a lot going for appears to be getting there are still a lot of

Kevin

In the recent past few leading figures have emerged from Malaysian politics with the qualities to administer this complex society. Happily, indications are that just one such has succeeded to power.

# The political scene

DATUK HUSSEIN ONN, Malaysia's new Prime Minister, is a man of intelligence, principle and integrity. He is one man of whom anyone who knew Malaysia's inner circles would put his hand on his heart and say "that man is clean—without a shadow of doubt" and there are many others in the ruling elite upon whom something more substantial than a shadow of doubt would rest. Unfortunately Datuk Hussein, although Prime Minister, is not yet in full control of the United Malay National Organisation (UMNO), the leading Malay party within the coalition government and effectively the ruling party.

That emerged clearly when he was picking his Deputy Prime Minister. All the indications are that Datuk Hussein wanted Tan Sri Ghazali Shafie, the former top civil servant and Home Minister, to be his deputy and started making soundings to that effect. But Tan Sri Ghazali, though intelligent and articulate and a forceful character, has never reached the highest standing in the UMNO. Last year in the UMNO elections Tan Sri Ghazali was well down the list in 13th place and a few votes below his own Deputy Home Minister, Datuk Samad Idris. So when the Prime Minister started seeking approval for the Home Minister to be his deputy he was clearly told that the UMNO would not stomach this and that he must choose from among the party's vice-presidents.

For various reasons Datuk Hussein could not get on with Mr. Ghafar Baba, the senior vice president and Agriculture Minister. Many outsiders also considered him unsuitable on the grounds that he lacked the social standing and dignity of a Deputy Prime Minister—Mr. Ghafar started life as a caddy at the Malacca Golf Club. Tengku Razaleigh Hamzah was next on the list and a man of standing and great charm with the well-merited reputation of being Malaysia's whizzkid. But although he was Chairman of Petronas, the State oil company, with the rank of a Cabinet Minister, Tengku Razaleigh had never before served in a Cabinet. So that left Dr. Mahathir Mohammad, the Education Minister, who ranked 19th out of a cabinet of 19 and had a reputation as a Malay "ultra" which Dr. Mahathir himself deals.

The Prime Minister announced that he had chosen Dr. Mahathir without consulting his chosen candidates beforehand. Dr. Mahathir indeed told me that he himself did not know of his appointment until an hour after it had been made public. Then Datuk Hussein added, just as if to show how heavy his heart was, "I have made my choice and can only pray and hope that the choice is a correct one and that he will be accepted and supported by the country generally."

Perhaps his obvious lack of control of the UMNO machine led the new Prime Minister to bound Datuk Harun Idris, the Chief Minister of Selangor, out of UMNO and out of office. He was seeking a victory to show his command.

Datuk Harun is still awaiting trial on various charges of corruption and criminal fraud, the latter charges relating to the Mohammad Ali-Joe Bugner world championship heavyweight boxing match. The total fines involved in the charges are more than Ringg\$5m. (getting on for £2m.). The first of the cases will be heard later this month.

## Campaign

What apparently set Datuk Hussein on his military style campaign was not that Datuk Harun faced charges, but the fact that although he was on leave from his office, he had continued to campaign against the new Government. On March 14 his supporters met and heaped praise on Datuk Harun while condemning the Government roundly and claiming members of it were Communists or Communist sympathisers.

The Prime Minister struck. On March 18 he summoned a meeting of the UMNO Grand Council and had Datuk Harun drummed out of the party. Datuk Hussein demanded that the vote should be open and not by secret ballot. Then he summoned the leaders of the UMNO Youth Movement whose president was Datuk Harun until he was expelled from the party. They had a three-hour heart-to-heart talk with Datuk Hussein which in diplomatic parlance was "frank". A statement was issued claiming that the youth had pledged unanimous support for the expulsion, but the statement was later repudiated as

unauthorised, indicating that there had been sharp disagreements. Next step was to get Datuk Harun out of office and for this purpose the State Assembly was summoned for a one-day meeting to pass a vote of no-confidence which it did in the last week of March with only Datuk Harun dissenting and four of his more loyal supporters abstaining. The former boss of Selangor State claimed he had tried to put his case to his former supporters but had not been able to find them the previous afternoon. His parting words to his erstwhile supporters were: "I nurtured and built up every one of you or else you wouldn't be here to-day."

Whether Datuk Harun is out or merely down is too early to say. Certainly the Prime Minister has done all he can to cut him off from his power bases and has not allowed him any opportunity to pack up gracefully. It is still open to Datuk Harun to try to call a special session of the UMNO to get the Grand Council verdict reversed or he could resort to more direct form of action—which is why the security forces are on special alert. There has been no sign of trouble in Kuala Lumpur which used to be part of, and now adjoins, Selangor State; but at night in certain areas there is an unmistakable tension. Open action might play into the Prime Minister's hands in allowing him to detain Datuk Harun under internal security laws.

The Prime Minister's action has caused a great deal of unease within the party. Some of the old guard leaders were unhappy with the expulsion of Datuk Harun and Tunku Abdul Rahman, Malaysia's first Prime Minister, openly said so. It was noteworthy that only a handful of the 13 States openly backed the expulsion and one of the notable absentees was powerful Perak State. Other leaders would admit that they had diverted money for the purposes of building up UMNO funds and yet others might wonder who would escape if the Prime Minister really set about cracking down on all doubtful elements. On top of this Datuk Harun has his loyal supporters and people whom he has built up and who owe allegiance to him. It would be inhumanly un-Malay to disown such a person even if he was found guilty of corruption; and if the former Chief Minister proves himself clear of the charges then he

would come back vengeance. In making his Cabinet Hussein had three meetings appointments, giving his old to Finance Ministry. The Prime Minister upgraded three young men from deputy level and made ministers in his own d. It was almost sym the three, Samad Idris, Hon Nyan, and Adnan represent the three groups in Malaysia. If the new leaders w ing his appeal to all is also interesting man has been given overseeing job of areas of policy, the situation, the social affairs, as Hussein wants to be has his own special cars checking what done.

## Crackdown

Datuk Hussein I notice that he intends the "total war" against the C insurgents. His own Brigadier Datuk Ja has been given the tag line after the crucial areas where the East way is being built and a prime target for C attacks. When the has been completed it is valuable for the government forces to cut off the guerrilla lines. If the Prime fulfils his early appeal racial groups that co an even more power in reassuring the Chin give aid and comfort guerrillas who in spite ting into three facti caused a lot of harm the authorities in the East Malaysia Sarawak the coalition made an i breakthrough. The nantly Iban Sarawak Party (SNAP) has a join the coalition and in the hitherto Mos Chinese government announced at any mom Iban are the large group in the Borneo and it was feared absence of SNAP government was dangerous alienation

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6/1/1970











Malaysia does not regret being the first of the Asian countries to establish diplomatic relations with Peking. It has also been working hard to achieve a zone of peace and neutrality in South East Asia and to prevent the establishment of military bases in the area.

## Foreign relations

ASIA ALONE of all the communist countries of East Asia has escaped the cursing edge of Hanoi propaganda broadcasts. Vietnam has attacked Malaysia as the "regional man" of the U.S.; it has made threatening remarks to the stooges of "U.S. imperialism" in Thailand; it urged the Association of East Asian Nations to include Indonesia, Malaysia, Philippines, Singapore and Brunei as imperialist, but not Malaysia specifically, squeak.

Malaysia worked hard to get Asean's commitment to the zone of neutrality, though some of the five are less keen than the others. Thailand, for example, had U.S. bases until this year and the Philippines still has, and some respected commentators say that Manila is happy to play the role of American satellite in orbit round Asian politics. China has provided its backing for the zone, but China is not yet a maritime power. And that is as far as the scheme has got.

Kuala Lumpur feels that the fall of Phnom Penh, Saigon and Vientiane to Communist forces only proves its case. Such defeat is liable to be part of the penalty of putting your trust in military forces from a far-away country. Since the Com-

munist took over in Indo-China, Asean has made renewed peace overtures, but only been met with a stream of hostile propaganda from a distrustful Hanoi. Malaysian officials would be horrified if their attitude was taken to mean that they were fellow-travellers or approved of Communism. They consider themselves "genuinely neutral," opposed to Communism, but willing to live in peaceful co-existence.

### Problem

They are in no doubt as to the intentions of North Vietnam—Hanoi wants to control all the territory east of the Mekong, that is the whole of what was French Indo-China, and would be happier with Communist neighbours. Malaysia is still waiting for its own ambassador-designate for Hanoi to go to Vietnam. He has been held up for months because of a "lack of accommodation," though Kuala Lumpur thinks that that is a genuine problem, in Hanoi.

Malaysia's own attitude towards Communism came out clearly when there was a re-

currence last year of the insurgency. New tough internal measures were pushed through allowing the security forces greater powers of arrest in the crackdown on suspected terrorists. Only last month Dr. Mahathir Mohammad, the new Deputy Prime Minister, warned that "people must give serious thought to events in Indo-China, so that the Communist influence will not spread to Malaysia."

But in spite of the fact that the Communists operating in Malaysia's jungles are given propaganda support from a transmitter known to be located in China, Kuala Lumpur does not regret being the first of the Asean countries to establish diplomatic relations with Peking. When the ties were established some of Malaysia's Asean partners accused it of being in an undiplomatic hurry. So what does Kuala Lumpur now say, with stepped up terrorist activity and no decline in the radio broadcasts from China?

Officials say there is no evidence that China is sending any supplies to the Communists in the jungles. And they feel that the Government scored a

good propaganda victory when in 1974 Tun Razak, the Prime Minister, was seen in the Press shaking hands with Chairman Mao Tse-tung in Peking. That must have caused confusion in the minds of hardline Communists.

But if Malaysia does not think Communism in South East Asia can be defeated by military help from outside, it is looking anxiously for economic help from abroad. The Foreign Ministry is planning busily for the Islamic conference in Istanbul in May. Malaysia will press the rich Middle Eastern oil producers to step up their help to poorer nations facing a Communist challenge. It has high hopes of such institutions as the Islamic Development Bank. Malaysia is ripe for development progress and has had interest from the Middle East, but so far not much money.

It is not difficult to pick up hints of disappointment in Kuala Lumpur towards the attitude of the Western nations. Some Western countries like the U.S. have decided that Malaysia is rich and developed enough to do without economic aid; others short-sightedly think of aid in the battle against Communism as only military aid.

The Government certainly does not hold the view that Malaysia is rich enough to do without aid. Officials claim that the country cannot afford to borrow in the international money market because the interest rates are too high. And they say that the richer Malaysia becomes, paradoxically the more money it needs to keep the pace of development going and particularly to ensure that all the races can participate harmoniously and fairly.

K.R.

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## U.K. trade efforts

KUALA LUMPUR to-day will see a week-long exhibition of British technology, the first of its kind in South East Asia. It is the answer of the U.K. Government and business to the fact that they "don't" about the area.

As far as Malaysians are concerned, the real test of a technology exhibition is not the exhibition, but with follow-up. After all, they do not want to be a South East Asian country, everyone knows it, well, and do not bother in for special gimmicks technology exhibitions, bother the whole time.

British are certainly trying for the exhibition. A of 320 companies will be off their goods, which maximum that the exhibitors can cope with. Some back officials in the Jan capital had to inform that they had their full, and a number of exhibitors have had to be sent away. Goods on display include a Rolls-Royce car and a model of the Olympus jet engine. Other items will range from inter-ally known household like GEC to small companies which may already be good business with in and to potential new to the market.

the follow-up, last year were five British trade is to Malaysia, and this other eight are planned. el British commentators at any rate assert that has never lost interest ysis. They will concede ritish companies are not much investment in us, but British invest-

### Inevitable

In all, it is a picture of Britain still doing well and managing to hold its own, though losing some markets because "when we were here they were our captive markets and now it is inevitable that the Japanese, who are geographically closer, should pick some of them up."

When it comes to trying to check such personal and impressionistic views against cold official statistics there is a major problem. The British and the Malaysian official versions of trade figures differ considerably. Thus the U.K. figures show exports in 1969 were £47m. and imports from Malaysia £24m. Over the past few years, according to the U.K. statistics the trade gap remained as the trade deficit was £22m. in goods exported to Singapore for 1971 on total trade of £109m. and £16m. in 1972 on trade of the same value. Then, in 1973, the Malaysians include shipping Malaysian exports more than doubled to £94m. and Malaysia's U.K. statistics would show in opened up a gap of £16m. in the

ment in other places too is limited. In trade there is still a strong British presence. Land Rovers and Bedford lorries are still a mainstay of the transport system. British consultants are strong in Malaysia. Construction has suffered a bit because of undercutting by the South Koreans, but is still strong. Railways and airport equipment are largely provided by the British, though there is competition from non-traditional countries like India. (And there, in some official eyes, the problem is that "we taught them too well.")

And the plantations and mines through which Malaysia earns its exports are dominated by the British. It is easy to explain the sudden jump in Malaysian exports and the gradual catch-up of British goods. Malaysia's exports to the U.K. are almost all commodities, which shot up in price in the boom of 1973 and 1974 and did less well last year as the world entered depression. Britain's sales to Malaysia are mainly machinery, transport equipment and chemicals, the price rise of which was slower and followed the commodity boom and the rise in oil prices.

Malaysia offers a different set of figures, much higher, and ones which show a considerable trade gap in favour of the U.K. In 1969, says Malaysia, its exports to the U.K. were worth Ringg.275m., but its imports were Ringg.463m. At that time with the pound being worth about Ringg.7.4, the U.K.'s exports would have been £88m. and its imports £57m. By last year, says the Malaysian Treasury's Economic Bulletin, exports to the U.K. had risen to Ringg.590m. or £113.5m. at the rate of exchange of just the Malaysian official version—under Ringg.5.2 to £1; but of trade figures differ considerably. Thus the U.K. figures show exports in 1969 were £47m. and imports from Malaysia £24m. Over the past few years, according to the U.K. statistics the trade gap remained as the trade deficit was £22m. in goods exported to Singapore for 1971 on total trade of £109m. and £16m. in 1972 on trade of the same value. Then, in 1973, the Malaysians include shipping Malaysian exports more than doubled to £94m. and Malaysia's U.K. statistics would show in opened up a gap of £16m. in the

invisible trade figure, and would probably show a big surplus in Britain's favour if a separate Malaysia account were available, a deficit in Malaysia's visible figure is understandable, though its size is large.

In the circumstances what is more instructive is to compare the performance of the U.K. with that of other countries. Here, it is difficult to maintain a cosy view of the U.K.'s export performance. The Malaysian figures show that, in the period from 1966, the major importing countries, Japan, the U.S. and the U.K. have maintained their shares of Malaysia's exports, with 18, 14 and 7 per cent respectively.

But in the battle for the Malaysian market, the U.K. has done badly. Japan has done well. Its exports to Malaysia had 12 per cent of the market in 1966, and 22 per cent in 1974. The U.S. did well, rising from 6 per cent in 1966 to 10 per cent in 1974. The U.K. slumped from 19 per cent, the largest share, in 1966 to 9 per cent in 1974.

Malaysians do not on the whole think that the poor performance can be accounted for by talking about the natural erosion of a once captive market. After all 1966 was nine years after independence.

### Difficult

As to investment in Malaysia, it is difficult to get reliable figures. U.K. companies, by virtue of their long-standing ownership of plantations and mines, are well in the lead, with book values of investments possibly totalling about £300m. Even in the recent figures for investments qualifying for pioneer status the U.K. does well and comes second to Singapore. But in the last few years officials say that the U.K. is being surpassed. West Germany, which does not figure yet in the pioneer investors top ten table has been putting in a lot of money, with plans in the last 12 months alone totalling £18m. worth of investment. In high growth centres like Penang it is impossible to escape German signboards.

Almost everyone in Kuala Lumpur has a good word for the British—unlike the prickly view of the Japanese—but they acknowledge that the U.K. is a steadily declining force. Some of them think that the British effort in Europe is misplaced, as that is the best place to get a hiding. One respected Chinese said to me: "We know your goods are good, but they are expensive and you have forgotten how to sell: sometimes we think, with honourable exceptions, that you have forgotten us."

K.R.



A street market in Kuching.

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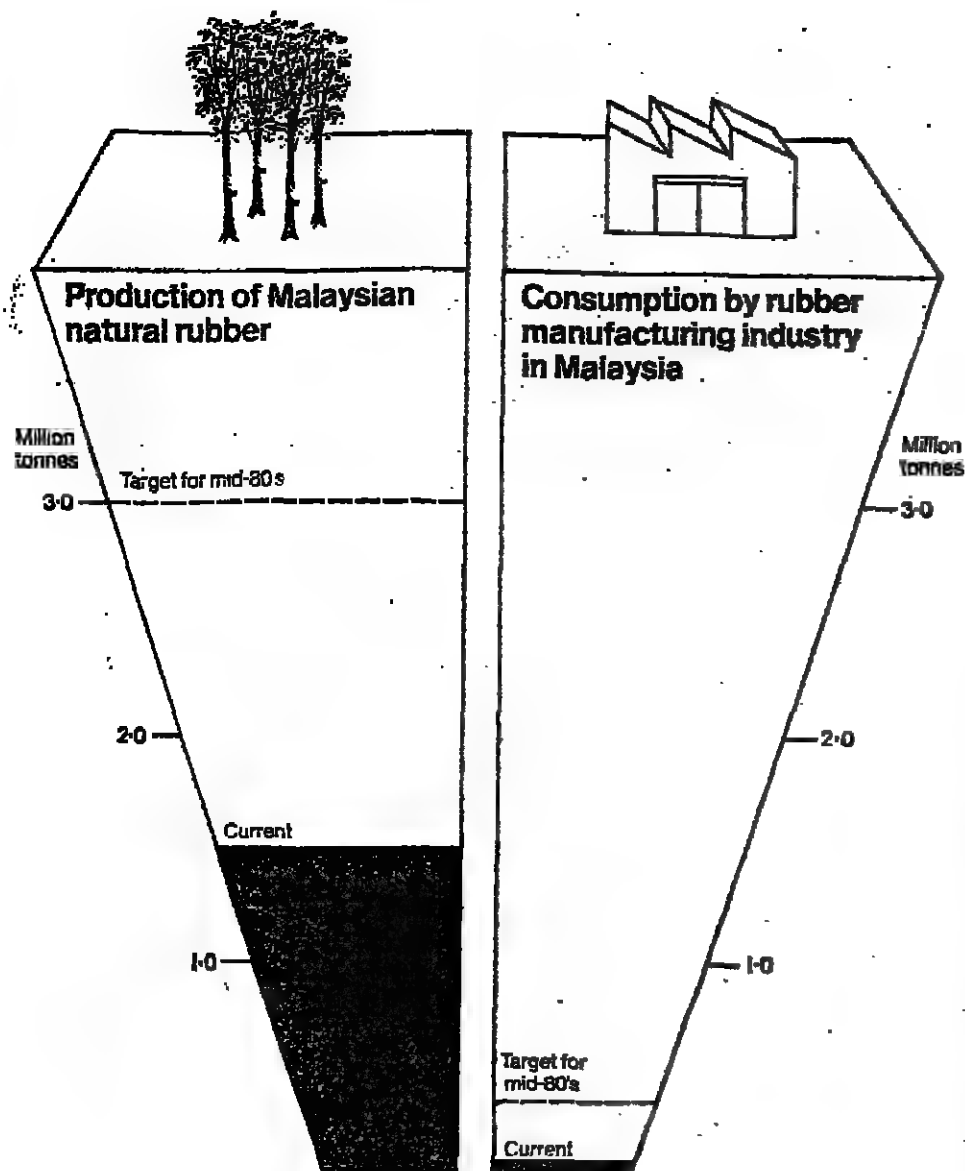
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## MALAYSIA VI

Considering that it produces a large part of the world's supply of basic commodities such as tin and rubber, Malaysia is well justified in its claim to enjoy a greater voice in international commodity markets. It is taking steps to achieve that representation.

# Commodity markets

MALAYSIA IS pushing ahead with its ambitious plans to set up a series of international commodity markets in the capital, Kuala Lumpur. The Government believes it is not enough simply for Malaysia to be the world's leading exporter of natural rubber, tin, palm oil and pepper; it also wants to have a major share in the marketing of these products.

Plans are furthest advanced for a rubber market and the Government believes that Kuala Lumpur rubber exchange is "progressing satisfactorily." The job of looking after the rubber exchange is in the hands of the Malaysian Rubber Exchange and Licensing Board, which was set up in September, 1973, and has overall supervision of the licensing, registration, packing and dealing, and export and shipping of natural rubber.

Last year the Board introduced a continuous price reporting system, a hybrid between the "open call" system used in London and the former whispering system. Under the new rules all spot and futures deals made through the brokers have to be reported immediately to the Board as to price and volume. They are then recorded immediately in the trading room, without the identity of broker, buyer or seller being disclosed. So far the new system has been a success and there are plans to install a computerised on-line transmission network to provide prices, volumes and reports of market trends to members of the rubber exchange via video terminals.

The rubber Board has also tried to attract overseas traders and brokers to Kuala Lumpur. By the end of 1975 there were 143 Malaysian members of the rubber exchange and 28 overseas members, including subsidiaries of some of the

largest rubber dealers in the world. In another move to publicise Kuala Lumpur the rubber Board in October attracted 400 people from 23 countries to an international rubber marketing conference. The position of Malaysia should be further boosted this year when the chief executive of the rubber Board becomes chairman of the International Rubber Association for a year.

### Feasibility

Experts expect that there will also soon be a palm oil market in Kuala Lumpur. A feasibility study reported in 1974 that the time was right for the setting up of a futures market and clearing house for the commodity.

Since then three sub-committees have been looking at the technical problems involved and they are expected to report soon.

Arrangements for palm oil are likely to include an exchange which will operate and regulate a futures market for the commodity and a clearing house to clear and settle contracts.

A palm oil registration and licensing authority will also probably be established to look after the production, processing and marketing of both oil palm fruit less bunches and of palm oil. The authority will promote the marketing of Malaysian palm oil as well as regulating standards of quality, looking after bulk handling and shipping facilities, standardising export contracts and buying fresh oil palm fruit from smallholders.

Tin is another commodity where Malaysia is more than anxious to see a Kuala Lumpur market. It points out that more than 80 per cent of the world's production of tin metal is sold

and priced on the Penang market, yet this is only a limited physical market doing the joint pricing and marketing of tin for the miners. The Bank Negara in its annual report comments:

"Unlike real markets, the tin market in Penang is not one where buyers and sellers could be established to look after the production, processing and marketing of both oil palm fruit less bunches and of palm oil. The authority will promote the marketing of Malaysian palm oil as well as regulating standards of quality, looking after bulk handling and shipping facilities, standardising export contracts and buying fresh oil palm fruit from smallholders."

To this end, the Government has already set up a task force to see what can be done about setting up such a market. A team of consultants will probably be appointed to assist the task force on technical and economic problems.

Having started with rubber,

palm oil and tin, Malaysia hopes to go on to set up for other commodities timber and pepper, of which it is also the prime exporter.

How successful these plans will prove is open to question. Dealers in London are not too pleased. By in Kuala Lumpur place a commodities market placed in Asia would be a great advantage and there is no other rival centre as Japan's no inclination to want a national market. And moves for Malaysia's greater and greater plantations and estimates in their own market would have a greater attraction for sumner interests.



A Chinese owned tin dredge in Selangor.

The article below discusses in detail what has happened to Malaysia's main commodities during the past year. Developments tend to reinforce the country's claim to a world dealing seat.

## Developments last year

NOTHING BETTER illustrates the strength of Malaysia's call for international commodity agreements than what happened last year to its commodities.

Earnings of all of them—except oil—fell considerably and this had major repercussions throughout the whole economy. Malaysia has diversified its commodity exports since the days when it was dependant completely on rubber and tin. It now has rubber, tin, timber and palm oil, as well as pepper, and is world leader in each—but even so it has suffered badly.

RUBBER exports dropped by 13 per cent in volume to 1.35m tonnes, but fell even more in value to 135 cents a kilo according to the Government's Economic Report. All that added up to a 37 per cent decline in the total value of rubber exported last year to about Ringg1.8bn.

Exports of TIN also fared badly. Prices fell by 12 per cent to Ringg945 a picul, but oversupply also led to export controls from April to the end of 1975 and Malaysia's tin exports were 68,000 tonnes, a drop of 20 per cent. Total earnings fell by almost 30 per cent to Ringg1.1bn.

TIMBER was badly hit by the slowdown in building and construction industries. Exports of sawlogs fell by 25 per cent in volume, by 18 per cent in price and total earnings dropped by almost 40 per cent to Ringg628m. Sawm timber earnings fell to Ringg365m, a fall of 16 per cent, after volume had dropped by 10 per cent, and price by 7 per cent.

PALM OIL proved the only one of the agricultural commodities of Malaysia which showed higher earnings in 1975 than in 1974. Total earnings were Ringg1.4bn, giving the commodity second place to rubber in earnings, but this 29 per cent increase was only achieved after an even more

massive 34 per cent in the volume exported. The price of palm oil fell by nearly 4 per cent to Ringg1.161 a tonne.

Exports of PETROLEUM gave a useful boost to Malaysia's earnings registering a 9 per cent rise in value to Ringg734m. Again, however, the volume rise was higher—almost 11 per cent—because of a 1.4 per cent fall in the price per tonne.

Overall, Malaysia's gross export receipts declined last year to Ringg13.3bn, according to the latest revised figures issued this month (April) by the Bank Negara (central bank) in its annual report. That is a fall of more than 9 per cent. The bank comments that it was only the continuing growth in earnings from oil and manufacturing that prevented export earnings from falling more steeply.

This year, with the end of the world recession, Malaysia's commodity exports are expected to do much better. A resurgence of the motor industry, which consumes 60 per cent of the world's natural rubber, should boost rubber again, and

improvements in construction industry will help timber. But Malaysia will continue to seek worldwide commodity agreements.

It is not difficult to see why. The Bank Negara predicts that the price of Malaysia's exports is likely to rise by between 7 and 8 per cent in 1976. But this rise will almost certainly be offset by a similar rise in import prices. The bank expects no impression to be made on the huge 18 per cent deterioration of Malaysia's international terms of trade in 1975.

### Diversified

In spite of the sharp rises in commodity prices in 1973 and 1974, when rubber rose by 80 per cent, tin by 70 per cent, petroleum by 235 per cent, and palm oil by 115 per cent, in unit value, Malaysia has suffered a steady deterioration in its terms of trade. Taking 1970 as 100, the terms of trade were 107 in 1966 and were down to 82 last year. Though there were two sharp rises (1969 and

1973) the majority have seen falls and on ones. And Malaysia is the more fortunate developing countries which has diversified its wealth and does not depend on one or two commodities. If it did series of international agreements it would be able out its economic development.

One of the real problems that the repercussions of commodity price slumps hit hardest at the most vulnerable sections of society. In the case of Malaysia rubber tappers and small who are always badly hit slump. In good years, rises may breed a false security as happened in when large numbers of workers went out on (of purchase) spending imagining that their go would last. The Government tried its best to introduce price stabilisation measures in the face of a fierce international slump, even though be the world leader, it do much.

### EXPORTS OF MAJOR COMMODITIES\* Malaysia

	Rubber		Tin and tin concentrates		Sawlogs		Petroleum, crude and partly refined		Palm
	Value (C\$ million)	Volume (000 tons)	Value (C\$ million)	Volume (000 tons)	Value (C\$ million)	Volume (000 tons)	Value (C\$ million)	Volume (000 tons)	Value (C\$ million)
1966	1,473.9	1,012.1	793.0	73.5	394.3	6,435.0	104.2	2,240.5	128.0
1967	1,274.7	1,043.3	755.6	73.6	475.3	7,093.8	123.9	2,670.5	116.0
1968	1,253.2	1,171.6	829.6	88.2	548.9	8,243.6	172.1	3,859.4	174.5
1969	2,031.1	1,354.9	939.8	92.0	601.5	8,772.0	188.2	3,993.2	152.9
1970	1,723.7	1,354.4	1,013.3	92.6	642.7	8,920.4	201.5	4,778.3	264.3
1971	1,460.4	1,390.4	905.8	87.1	640.5	8,750.6	389.9	7,982.3	280.4
1972	1,288.2	1,364.9	924.0	88.6	592.2	9,110.1	222.9	4,253.3	362.6
1973	2,507.2	1,638.6	897.0	81.5	896.8	10,119.5	269.2	2,826.9	455.5
1974	2,886.7	1,570.2	1,514.9	85.7	1,832.4	9,554.0	673.9	3,348.9	1,686.0
1975†	1,810	1,348	1,064	68	628	7,717	734	3,485	1,399
1976†	2,105	1,400	1,200	81	722	7,750	883	3,850	1,397

\* All weights in metric units.  
† Estimated by TED.  
Source: DS.

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## MALAYSIA VII

After rubber, palm oil is now Malaysia's biggest export earner. Its rise to this position can only be described as phenomenal.

# et's Palm oil exports

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## U.S. market

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Tin, another of Malaysia's major primary resources, has lost some of its shine in recent years. However, the hope is that this mineral will remain a trade mainstay.

# ong-term tin problems

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## John Edwards

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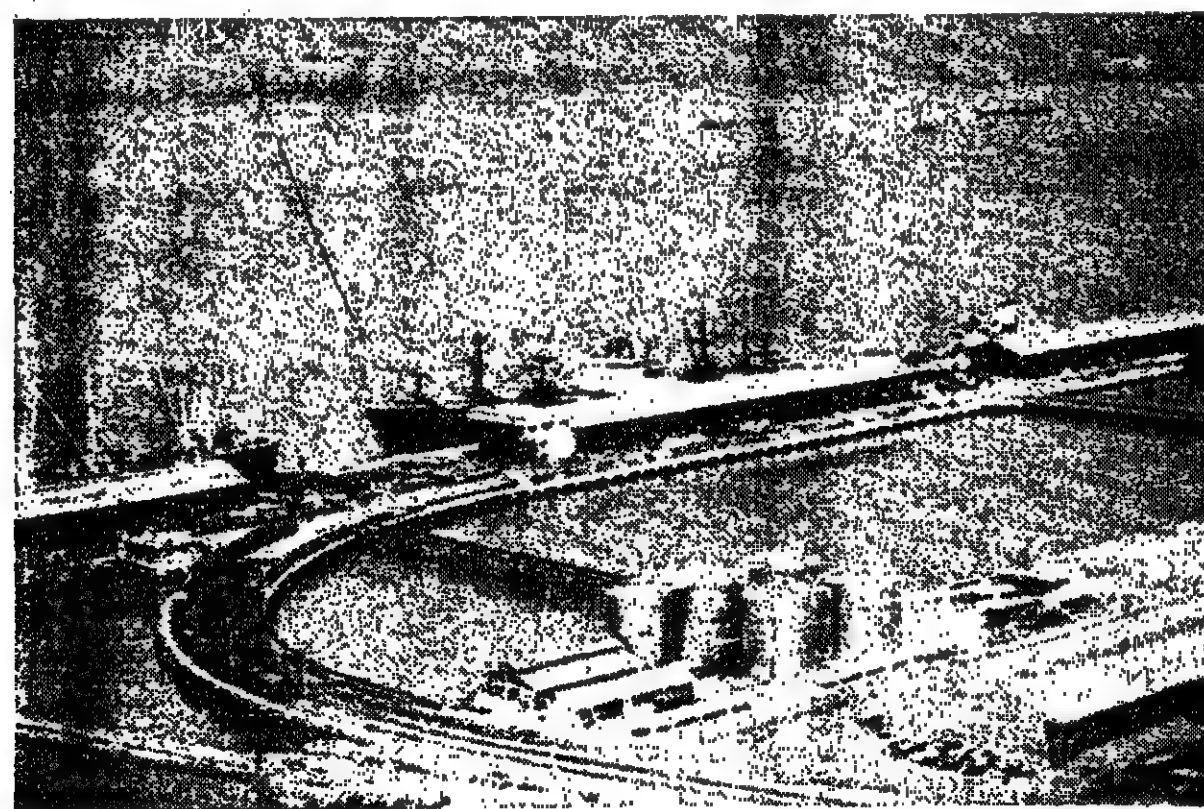
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## MALAYSIA VIII

With its big interest in the natural rubber market, Malaysia may be forgiven for seeking to establish some form of regulated price mechanism. At the moment, however, the price of the commodity is favourable, making other world producers reluctant to join the campaign.

## The price of rubber

MALAYSIA'S RUBBER authorities are somewhat apologetic when prices were the lowest in the slow pace in implementing the plan for the international stabilisation of rubber prices. Officials admit that it is difficult to make better progress while rubber prices, at their current levels, are so good.

And in the first instance, the other rubber producing countries were not too keen on the plan, which was put forward by Malaysia 16 months ago when prices were the lowest in many years. Nevertheless, Malaysia is doggedly prodding the plan along.

What is worrying Malaysia is that unless the Association of Natural Rubber Producing Countries (ANRPC) shows more enthusiasm for the plan, it will be difficult to convince countries to join in later of the biggest natural rubber

producers — Malaysia, Thailand and Indonesia — are ASEAN members, not to mention Singapore, which is a big rubber trader. The ASEAN endorsement was a big psychological boost.

There is a good chance that the plan will be adopted by the ANRPC ministerial council over the next couple of months, and the real test will come then. Implementing the rubber plan will be more difficult than managing the international tin buffer stock, because rubber is a bulky, perishable commodity with many grades, and also the mechanism for the ANRPC plan is more complicated and more difficult to supervise than the international tin agreement.

Basically, the plan calls for the creation of an international rubber stockpile of some 100,000 tons to be purchased and kept by members in proportion to their contributions to the ANRPC budget. At the same time, if the rubber price falls drastically, the member countries would then take individual steps in reducing the amount of rubber to the market by cutting production, or keeping larger stocks (the so-called "supply rationalisation measures").

## Vital

For Malaysia, the world's biggest natural rubber producer, the price stabilisation plan is vital. The authorities have not forgotten what it was like facing the anger of the farmers during November-December 1974, when the sharp fall in rubber prices brought thousands of them, along with students, to demonstrate in villages and in the streets. Malaysia is confident that the price stabilisation plan will work because of its experience with its national crash programme, announced soon after the farmers' protests.

The crash programme succeeded in pushing up prices to a tolerable level and staved off further rural unrest, but it was solely a Malaysian effort, which

benefited other producing countries. It was done with considerable sacrifices from the estate sector, which had to cut production, and the rubber traders who had to keep additional stocks. The rubber statistics show that, mainly because of the crash programme, the estates suffered a drop in production of some 50,000 tons last year, from a production of 630,000 tons in 1974.

Rubber, of course, no longer plays such a dominant role in the Malaysian economy. Ten years ago, it accounted for 40 per cent. of the country's total exports. To-day, it forms only 20 per cent. and its position will continue to decline as the country's economic base expands.

However, the industry is still, and will be for many years to come, the lifeline of Malaysia. Fully a quarter of the country's labour force is in some way or other dependent on the industry, and a large percentage of the 300,000 rubber smallholders and the 200,000 estate labourers are included in the poorest income groups.

The rubber smallholders and estate labourers are among those expected to benefit from the Third Malaysia Plan. Their economic problems are staggering. More than 65 per cent. of the smallholders are subsisting on uneconomic lots, and the Government has found out that the poorest of them—those owning less than three acres—have not really benefited from the rubber replanting grants, because they cannot afford to lose part of their income while waiting for the replanted trees to yield.

Unemployment is high among the estate labourers, most of them Indians, as their employers continue to shift to less labour intensive palm oil, and their children find it difficult to get jobs in the towns because of their educational and racial backgrounds.

Those smallholders who have replanted are now getting two



Mangling rubber at Kalantar.

or three times more rubber from their high yield trees. But Government figures on the number of replanted smallholders, and the acreage of replanted rubber, have proved to be suspect following the discovery of a massive corruption racket. Smallholders are given Ringgit 750 in Government grants for every acre of replanted trees, and it has been discovered that replanting officers, land officers and contractors have been swindling millions of Ringgits from the Government by falsifying replanting work done.

So far, the National Bureau of Investigation says it has evidence that at least Ringgit 12m. have been misappropriated, and thousands of smallholders, who were officially recorded as having replanted their trees, had actually not done so. Abuse in replanting grants has been an open secret in the rubber industry for a long time, but the extent of the scandal shocked many people.

To ensure that the smallholder gets a better price, the Government plans to expand its buying activities among them. It was found during the crash programme that when the Government agencies moved in to buy rubber from the small-

holders, the price differential between their quotations and Kuala Lumpur last October, and that of the private dealers was as much as ten cents per kilo.

At present, the three Government agencies, MARDEC, FELDA and RISDA, handle about 18 per cent. of the smallholders' rubber, but by 1980, 40 per cent. of the smallholders' rubber is expected to be bought, processed and exported through these three agencies. This does not mean a diminution of business for the private dealers, remitters and exporters, as the volume of smallholders' rubber is increasing, but it will provide more competition, and in the process, ensure that smallholders get better prices.

Two groups of Thai and Indonesian officials spent some weeks studying the operations of the exchange last year, as part of the plan among ANRPC countries to have a co-ordinated marketing system at a later date. However, the exchange experiment of using Chinese ships to counter the high freight rates by the conference line, ended in disappointment because the current glut of shipping space neutralised the price advantage that was offered by the Chinese to Malaysia's rubber exporters.

The costs of shipping is a matter of serious concern to the rubber industry, and various other alternatives to the present conference line system is being studied, including the possibility of an ASEAN shipping line.

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to publicise its activities, the

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Timber has for many years made a useful but little publicised contribution to the Malaysian economy. Recession has cut into trade, but the long-term prospects are sound.

TIMBER, AS a commodity, has long been an important contributor to Malaysia's exports, making up a steady 12 per cent. or so of earnings over the past decade. Timber, manufactured into wood products, is beginning to make an impact on the trade figures. The Government has ambitious plans for both.

As to the figures, last year provided a setback because of the continuing recession in the West which upset demand in the building and construction industries. Production of saw logs fell in 1975 by an estimated 20 per cent. to just over 15m. cubic metres, and production of sawn timber declined by 3 per cent. to 3.5m. cubic metres.

Exports fell further. Earnings from saw logs fell by nearly 40 per cent. to Ringgit 62m., and those of sawn timber by 17 per cent. to Ringgit 3.5m. The price of saw logs had fallen in 1975 to Ringgit 80 per cubic metre, a drop of 18 per cent. while that of sawn timber fell by 7 per cent. to Ringgit 233.

## Quotas

Malaysia's exports of saw logs were also hit because Sabah, which normally contributes more than 60 per cent. of saw log exports, from Malaysia, was affected by the export quotas imposed by the South-East Asia Lumber Producers' Association. Last year, Sabah's log exports were about half of Malaysia's total. In the last quarter, however, the quotas were increased because of signs of a revival of construction activity in Japan, South Korea and Taiwan, the major markets for saw logs. (Only loggers from Sabah are affected by the quotas.)

Wood products have grown to account for more than 12 per cent. of manufacturing production and 15 per cent. of exports of manufactured goods. The actual figures are still small compared to the major commodities: for example, exports of wood products in 1975 were only Ringgit 230m. Last year was also a bad year for wood products, the production of which fell by 12 per cent. and exports by about 20 per cent. The Government blames the recession in the importing countries.

the U.S., Japan, U.K. and West Germany. Plywood, where exports are normally as high as 80 per cent., was hit because most of them go to the U.K.

Malaysia is anxious that timber should contribute even more to the economy. In an effort to boost the industry, the Government has tried to encourage the use of timber domestically, especially in low-cost housing projects. It believes that this will cut building costs, and is lifting building restrictions on the use of timber for housing. The Government is setting the initiative itself. Twenty-seven two-storey blocks are being built in Kuala Lumpur for Government offices, and in Johore Bahru housing for the armed forces will make great use of timber.

But the main contribution will come from an increase in timber industries. In an optimistic presentation to an official investment conference in Kuala Lumpur in October, Datuk Abdul Taib Mahmud, the Information Minister, said: "Studies by the FAO and others indicate that the forest sector has the potential to make a substantially increased contribution to national growth and that the forests could support orderly development of many integrated timber-based industries covering a wider spectrum of processing."

In Peninsular Malaysia, the Minister said, the current production of 8m. tons a year could be raised to 8m. to 10m. tons in the next ten years and then to 12m. tons. That could be done by using logs of down to 18 inches in diameter at breast height, as well as using new species of trees. He envisaged at least a doubling in 20 years of the timber based manufacturing industry. Malaysia should be able to make products ranging from kiln-dried sawn timber and veneer to mouldings, furniture components, cabinet panels, higher finished plywood products and composite wood panels and blockboard. He also expected development of particle board, chip-board and paper industries.

Datuk Taib said that in Sarawak timber production could be raised to over 3m. tons

a year, and 12 industrial investment projects, which would together consume 150,000 tons a year, had been identified. In Sabah, where an annual 5.5m. tons of timber is produced he said, "given the extensive timber resources in the State, the scope for further industrialisation based on wood processing is very bright."

## Extension

He also expressed great hope for an extension of pulp plantations for use by the paper and pulp industry. The advantage of pulp is that a yield on 10 to 20 tons an acre can be obtained in the relatively short time of 12 to 15 years. That compares with 50 or 60 years it takes some hardwood species to mature.

The first problem that Malaysia faces—which Datuk Taib did not touch on—is deciding on its forests which are particularly noticeable in Sarawak, where extravagant clearing on timber concessions has led to removal of prime forests. From the air the State still looks thick and green, but many of the best forests remaining are inaccessible. Most experts think there will have to be a drop in the annual timber yield from Sabah to allow re-afforestation and proper planning of its timber resources. Accessibility is also a problem in Sarawak, where much of the State is covered by marsh and jungle. In Sarawak, too, coastal supplies of Ramin have been exhausted and the wood has to be imported from Indonesia.

In both states of Eastern Malaysia there is, in addition, a lack of experience of wood processing. For example in Sabah and Sarawak 95 per cent. of the wood produced is exported as logs. In Peninsular Malaysia 85 per cent. of the logs are at least processed into sawn timber. The ban on export of 11 species of logs from Peninsular Malaysia has helped to stimulate local processing industries.

Datuk Taib was also probably over-optimistic in his hopes for pine. Tests so far have shown that the pine trees do produce good wood and grow quickly.

## Timber

but the snag is that, the Government is working hard on its reforestation programme and 283,000 hectares have been planted by the Forest Department, including local species of seedlings. (This is not even 15 per cent. of the 2m. hectares of Peninsular Malaysia which are estimated to be affected by commercial exploitation, soil erosion and shifting cultivation.) The Government is also increasing the contribution of studying the question of timber to the economy. The whether to compel private

CONTINUED ON NEXT PAGE

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## MALAYSIA IX

Malaysia is among the many countries encouraged to seek for oil following the price bonanza touched off two years ago. But the international character of the oil industry imposes conditions on hopeful producers which are not always easy for an emerging nation to fulfil.

## Quest for oil

MALAYSIA IS in the middle of tough oil negotiations with the major international companies, which could have widespread repercussions not only for the country's oil future—though that is important enough—but also for the future of all foreign investment in Malaysia.

There has already been one clash, which provoked Exxon to stop its exploration and development work last May. It has since resumed, but that action alone may have set Malaysia's oil quest back by a year or more. But it did more than that: it set Western foreign embassy commercial sections fluttering and foreign investors wondering if they were safe to come to Malaysia. Official reassurances have been given strongly since, but the oil talks remain a test.

The reason for the foreign anger and concern was an amendment last year to the 1974 Petroleum Development Act, which set up Petroleum Nasional (Petronas), the national oil company. The amendment decreed that oil companies must have two categories of shares, Ordinary shares and management shares. The management shares would be issued only to Petronas and would be at the rate of one management share for each 100 Ordinary shares. Management shares would rank pari passu with Ordinary shares for dividends, and for all other matters except one.

The amendment said: "The holder of management shares of a relevant company shall be entitled either on a poll or by a show of hands to 500 votes for each management share held by him upon any resolution relating to the appointment or dismissal of a director or any member of the staff of the relevant company."

That, said the foreign companies, would in effect give Petronas effective control of any oil company and was tantamount to nationalisation without compensation. Petronas subsequently pointed out that the section of the amendment applied only to marketing and distribution of petroleum and petrochemicals (where Shell and Esso are involved) and not to exploration. Nevertheless, foreign companies saw the clause as an unhappy precedent.

What seems to have happened now is that the disputed clause will be quietly forgotten, though Petronas officials say it will not be deleted. Petronas will take shares in the marketing companies in a more normal way. However, there may be pressure in Cabinet for removal of the clause, particularly from rivals of Tengku Razaleigh Hamzah, the Finance Minister, chairman and chief executive of Petronas, and the mastermind of the Act. His rivals claim that Tengku Razaleigh got the controversial amendment through the Cabinet when the then Prime Minister, Tun Razak, was away, and that he needlessly damaged Malaysia's international reputation and threatened investment.

### Interim

For the moment the oil companies, Shell and Exxon, are continuing with the exploration under an interim agreement which gives them 7.5 per cent. of the gross sales plus an undisclosed sum for expenses, although I understand that altogether the companies are getting about 40 per cent. of the gross sales value of the oil. Petronas expects that when the final production sharing agreement is made it will have to pay the oil majors extra for revenue foregone during the interim period which they were entitled to under the production sharing contracts. Under the interim agreements Petronas is earning Ringg. 100m. a month from oil.

Neither officials nor any of the oil companies will disclose the state of the negotiations, apart from saying that the bargaining has been hard. At the final crunch, though, the Malaysian agreements will be similar to the agreements between Indonesia's Pertamina and the oil majors (but probably slightly less favourable to Malaysia). The fact that Pertamina is also trying to get extra money out of the companies makes the negotiations the more tricky. Petronas officials say there has been no collusion with Pertamina in this "hard question of dollars and cents."

The oil off the Malaysian coast is similar to that of Indonesia, that is with a low 0.1 per cent. sulphur content and with an API of between 35 degrees

and 40 degrees. Daily production has been pushed up from less than 100,000 barrels in 1974 to 140,000 today and an expected 130,000 for 1976 and 200,000 target for 1980. As a measure of their inexperience, last year officials optimistically forecast 500,000 barrels a day by 1980. The fields are much easier to get at than those of the North Sea because of the shallower continental shelf, but the finds so far have proved smaller because of numerous faults.

At the moment only two companies, Shell, with companies in Sarawak and Sabah, and Exxon are bringing in oil: six others including Mobil, Conoco and Agip have been given concessions and there are other areas still to be let out. Even by 1980 only Shell and Exxon will actually be producing oil and Shell, which has longest experience of Malaysia, will continue to dominate the market. In 1974 Sarawak Shell was producing 87,000 barrels a day and Sabah Shell 13,000, against not quite 4,000 from Exxon.

Malaysia also last year produced 37bn. cubic feet of natural gas, of which 35bn. cubic feet, all from Sarawak Shell, was for commercial use: the rest was used internally for lifting crude or burnt off.

Its oil discoveries have already made Malaysia a small net oil exporter and made a considerable contribution to export earnings. Because of its sweetness Malaysian oil commands a premium over Middle East oil. For the same reason Malaysia imports considerable quantities of heavier duty oil from the Middle East, mostly from Saudi Arabia and Kuwait. Last year, for example, imports were 19m. barrels and exports 24m.; by 1980 Malaysia hopes to export 44m. barrels a year. Just under half of the oil goes to Japan and the rest to Singapore (just under 20 per cent.), Thailand (15 per cent.), the Philippines and the U.S. Export earnings last year from crude and partly refined crude were estimated by the Treasury at Ringg. 734m. Given higher production and more downstream processing, Malaysia hopes its oil earnings may well come to rival the traditional agricultural and mineral commodities like rubber and tin.

As for Petronas, the company is in its infancy. It started late in 1974 charged with "the entire ownership and exclusive rights" to all oil and gas found in Malaysia. It started with just eight people, a chairman and seven clerks and office boys. It has now grown to 50 executives and 60 others, but there is not as yet a great wealth of oil experience. Tengku Razaleigh Hamzah, the chairman and chief executive of Petronas, is now Finance Minister and is expected to be replaced by the Chief Secretary to the Government, Tan Sri Kadir Shamsuddin who is retiring as head of the Civil Service. But there is some doubt as to who will conduct the final negotiations with the foreign companies. Foreigners would probably feel under less pressure if Tan Sri Kadir were in charge.

Interesting in view of the kind of difficulties which have beset Indonesia's Pertamina, Petronas was created subject to the direct control of the Prime Minister. The Act states that the "Corporation shall be subject to the control and direction of the Prime Minister, who may from time to time issue such directions as he may deem fit (and) the direction so issued shall be binding to the corporation." The choice of Tan Sri Kadir would probably mean a less adventurous future for Petronas and one safely confined to oil activities.

### Proviso

With that proviso Petronas should have plenty of room for operation, and plenty of money. Of the oil money 5 per cent. each will go to the State in which (or off whose coast) the oil is discovered and to the Federal Government. After the cost of production has been deducted and the international companies have had their split—probably a two tier split on a 70:30, 55:45 basis in Petronas' favour—the rest is left to Petronas, subject to a 50 per cent. income tax.

The company is still trying to work out its future programme. Officials said they were interested in plans to build a 6m. tons annual capacity liquefied natural gas plant at Bintulu in Sarawak. The proposal for the plant costing S.U.S.12bn. was first made by Shell more than three years ago, but has been delayed by squabbles between the various Governments.

Petronas expects soon to appoint a team of consultants to carry out a masterplan for the short term to 1985, and then to the year 2000. When the consultants are appointed their study is expected to take a year, so it will be at least that long before Petronas begins to get into its stride. But both it and Malaysia will be much more blessed with oil money than in the old days when they got an average 8 per cent. royalty payment from the international companies on the old oil concessions.

K.R. Kevin Rafferty

## Timber

CONTINUED FROM PREVIOUS PAGE

loggers to do their own reforestation programmes.

The country's Timber Board has been giving attention to some problems of exporting. It is looking at allegations from the Middle East that Malaysian exporters had been backing out of contracts when the price changed against them. Another is to try to improve shipping facilities for exports to the Middle East and East Africa. The board is trying to coordinate space bookings to the Middle East in the hope of

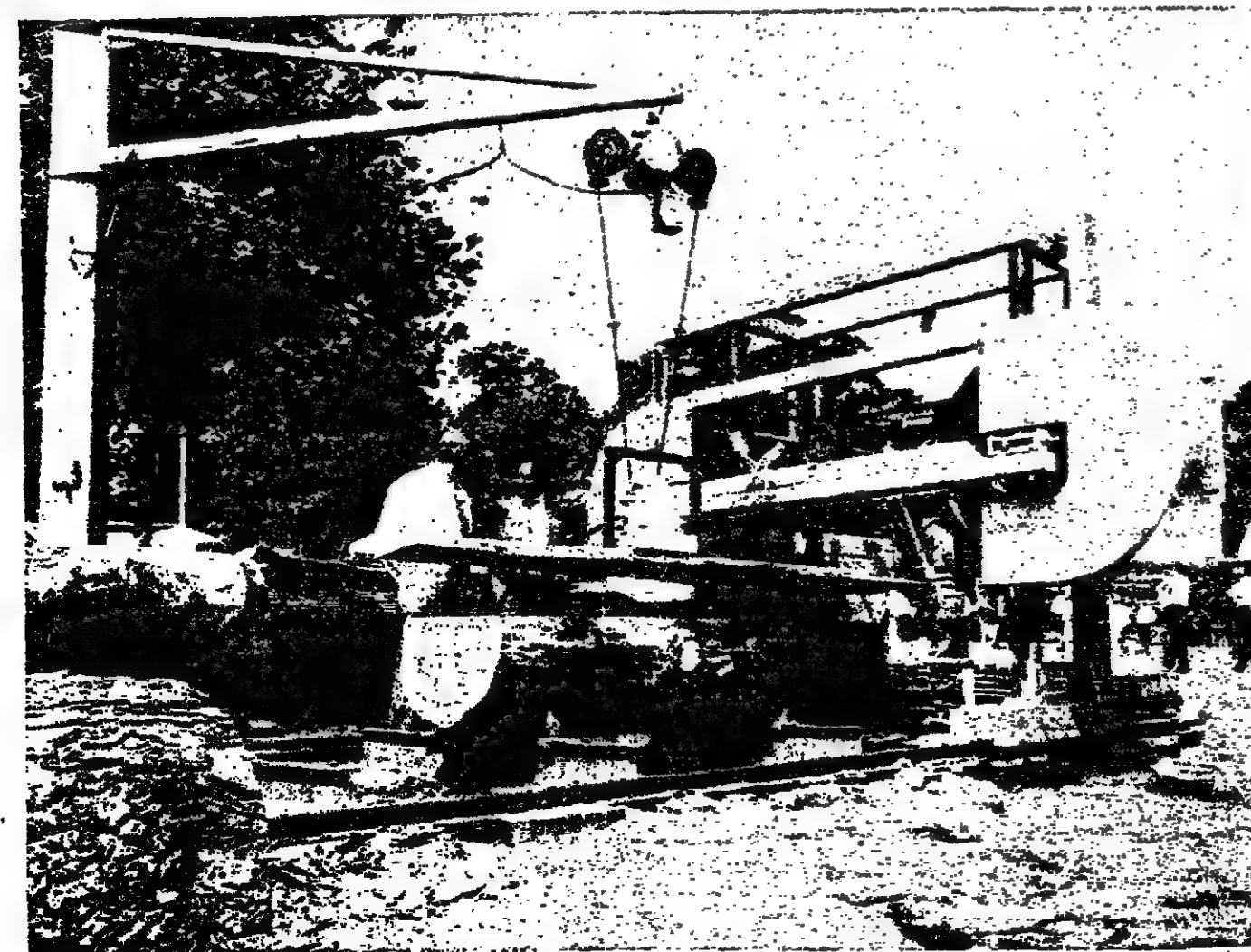
gaining both more regular services and lower freight rates.

New Zealand experts have also been asked to conduct a Ringg. 1.5m. survey in the west into the end uses of timber. This is because at the moment only about six of nearly 50 commercially viable varieties of trees are being exported. Malaysia and the other countries of the region are anxious to see whether they can encourage the use of new species of trees.

Another experiment which

might prove profitable is the use of old rubber trees for timber.

Rubber wood is used in Malaysia for wood chips, and for use in furniture components and block-board. Officials believe it would also be suitable for wall paneling and parquet flooring. If the research into rubber proves viable, given that Malaysia has 4.5m. acres of rubber which are replanted every 20 to 30 years the country could have an extra 3m. tons of timber a year.



A Forestor machine aimed at reducing the time taken to saw logs which is on display at this week's British Technology for Malaysia exhibition. It is made by Forest and Sawmill Equipments (Engineers) of Wandsworth, London.

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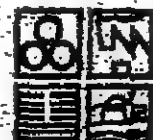
## Points worth noting about Malaysian timber.

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## MALAYSIA X

## The country's leaders and...



◀ **Tengku Razaleigh Hamzah**

Tengku Razaleigh Hamzah has the widespread reputation of being "the Father of the Bumiputera Economy." If that suggests someone elderly with his life already behind him, then he is precisely the opposite. In bearing, outlook and career prospects, he is also Malaysia's "whizzkid."

Still a week short of his 39th birthday, Tengku Razaleigh is today his country's Finance Minister, and he has not yet relinquished posts as chairman of Petronas, the national oil company, and of Pemas Securities. He is a vice-president of the ruling United Malays National Organisation and many tipsters will be bitterly disappointed if he does not become Prime Minister before too long.

He is the son of a former chief minister of Kelantan State. He graduated with an economics

degree from Queen's University, Belfast, and then went on to read for the Bar at Lincoln's Inn, but was summoned home on the death of his father without being called.

He pitched into politics on behalf of the UMNO when it was in opposition in Kelantan. He quickly came to the attention of Government leaders as a man of intelligence and energy. But he really made his mark with Tun Razak, and when the Tun became Prime Minister in 1970 his career took off.

### Mission

In 1970 he was promoted to chairman of the Bank Bumiputra, which the Government is encouraging in the hope of building a strong Malay Bank (the largest local banks are run by Chinese). He also became chairman of Pemas, a body set up by law in 1969 but largely inactive until Tengku Razaleigh came on the scene. He led a trade mission to China in 1971 and secured for Pemas a monopoly on trade with China. He used the Pemas group as a means of gaining greater bumiputera control of the economy by buying other companies. When Malaysia decided to set up a State oil company he was made its head. In 1974 he became a vice-president of UMNO. Since 1970 his record has been of one success after another.

But he has critics, who have their doubts about him. They accuse him of being "clapdash and being in too much of a hurry. This trait came to the

fore in his abortive negotiations to link Pemas with Haw Par, a simple confidential telephone call to the Singapore authorities should have told him how close Haw Par was to official action there. Foreign commentators are particularly critical of his handling of the oil companies. His plan (now quietly set aside) for a new category of management shares led to outcry from the companies that he was seeking underhand nationalisation without compensation, caused Exxon to stop exploration, may have set Malaysia's oil search back by a year or more and damaged its reputation with international investors.

That kind of confrontation, of course, only endears him to the majority of Malays who feel reflected pride when they see Tengku Razaleigh measuring up to and seeing off the great oil majors. That same behaviour also sets the Chinese on edge, though, and may not be good for racial harmony.

But Tengku Razaleigh also has his opponents among the ruling bumiputras. A number of ministers were unhappy with the damage to Malaysia's reputation done by the oil episode, as they feared that much needed foreign investors would shy away. Some influential Malays even say that Datuk Hussein had to appoint him to a senior Cabinet post because he was an UMNO vice-president, but has nearly boxed him in by creating a minister without portfolio within his own department to oversee financial matters.

K.R.

### Tengku Arif Bendahara Pahang ▶

Being a prince of the royal blood means that Tengku Arif Bendahara Pahang can hardly claim to be merely an average businessman. But he insists that his title gave him no special privileges. "I started off ten years ago by buying 1,000 acres of land for Ringg, 15,000 in three instalments," he told me.

Yet to-day there is no gain saying his success. The Tengku has a reputation as the leading Bumiputera (Malay) businessman, and is known as prince, banker, industrialist and sportsman. His fortune has expanded into assets worth between Ringg. 30m. and 40m. (up to \$5m.) on his own calculation. His more than a dozen companies employ more than 2,000 people and have interests in building and construction, motor assembly, hotels, timber, logging and wood products, oil and publishing. His own concerns have links with companies from the U.K., India, Hong Kong, Canada and the Middle East. Including Taylor Woodrow, Tata and Macmillan Bloedel. The holding company, Tab Holdings, has the Tengku as chairman and he and his wife are sole directors. The Tengku is also chairman of the United Asian Bank.

He was born in 1935 as His Royal Highness Tengku Ibrahim ibni Al-Marhum Sultan Sir Abu Bakar, the son of the Sultan of Pahang. Because of the Japanese occupation he did not start school until he was 10 and his early ambition was the army. He went to Sandhurst, was commissioned, and later fought in jungle operations in Malaya and Sarawak against Communist terrorists.

### Business

He became Tengku Arif Bendahara, a post in the Pahang royal household, in 1964, and moved into business two years later. Land was being offered to bumiputras. He was not eligible as a Government servant, but bought the 1,000 acres of forest from his sister. He wanted to give a lead to his fellow bumiputras.

After 10 years of hard-driving success the Tengku is consolidating his companies. He has recently installed Dr. K. S. Nijhar, who has a reputation as one of Malaysia's best economists, as group general manager of Tab Holdings. The aim is that the Tengku should be allowed to sit back and think and plan what next.

### P. P. Narayanan ▶

P. P. NARAYANAN, the president of the Malaysian Trade Union Congress, is not only the country's most prominent union leader, but also a budding capitalist with a bank, rubber plantations and a textile mill under his control and plenty of ambitious plans for expansion of his empire.

He tells the story himself: "When the bank was being opened, the Prime Minister came up to me and said: 'I think I can call you a capitalist.' I replied, 'If I were not I would not know what the — were up to.'"

It fits in well with the personal philosophy of the 53-year-old Mr. Narayanan that the National Union of Plantation Workers, of which he is full-time general secretary, has set up the Malaysian Workers Bank, the National Multi-Purpose Co-operative Society and the Great Alomioners Trading Corporation which runs the textile mill in a joint venture with the Indian Lakshmi Textile Exporters group and has plans for a daily newspaper and container and viscose making factories — as a start.

### Aspirations

"For too long the unions have left nation-building in the hands of the politicians," he told me. "In Africa, Latin America and Asia, in all three continents the majority of people live in the rural areas and are poor. We must identify with the poor people and with the aspirations of the poor man." Mr. Narayanan himself is not identified with Malaysia alone.

Last year in Mexico he was chosen as the first President of the Third World of the 99m. strong International Confederation of Free Trade Unions, which previously had politics and little on union been headed by union leaders business. In India, he says, "the from the white developed politicians have divided the country. Palayy Pathazapurayil Nataraj divided the politicians."



▶ **Tun Mustapha**



TUN MUSTAPHA, of Sabah, is one man whose name evokes strong and conflicting reactions. A Federal Malaysian Minister says this of him: "He has such a powerful personality that it is difficult to be objective about him. You either love him or hate him." And over the years the myths and the facts about the man have merged.

Tun Mustapha was born 58 years ago in the Kudat area in the northern tip of Sabah, and asserts he is related to the Sultans (as indicated by his title "Datu"), but his detractors pour cold water on his claim. He is a self-made man. A member of the Tausug tribe, the fiercest of the Suluk groups, he started as a house boy at the age of eight with one of the then British residents. After two years of education, he moved on to be an office boy, and then as Opium Clerk under the British in those days, and opium licences were a major source of revenue.

During the Second World War, Tun Mustapha showed his leadership potential. He fought the Japanese as a guerrilla leader in the Saluan, and attended the victory celebrations in London. Promotion to Native Chief came in 1951, and as the Malaysia merger was taking shape, he was cultivated by the British and Kuala Lumpur authorities as a Sabah

leader. He went on to found and he does not deny his the USNO party in 1961; he became Sabah's first governor in 1963, but soon got tired of his ceremonial role, and left to fight the State elections in 1967, defeating his arch-rival, Donald Stephens, to be Chief Minister.

Tun Mustapha's indulgence in high living is well documented

—but he keeps in close touch with what is happening on the ground in the State. He has a notorious temper, and civil servants and party officials have been seen literally trembling before him when he is in one of his fiery moods.

### Religious

Politically, he projects himself as the champion of Islam, and his United Sabah Islamic Association claims success in converting 100,000 Sabahans, although his methods have brought cries of religious persecution from Christian groups.

At various times in the past five years, Tun Mustapha has toyed with the idea of becoming Sultan, or taking Sabah out of Malaysia. A wide circle of West Malaysian politicians and royals have loyalties to him, and given a fair chance, he could have a go at the Prime Ministership. Tun Mustapha resigned from the position of Sabah Chief Minister in October, but no one who has been in the state doubts that he still runs the show. With his victory at the current State elections almost assured, the 700,000 Sabahans will have to live with his authoritarian rule for quite some time. Tun Mustapha does not deny he is a dictator. "As far as I am concerned, whether one is a dictator or not depends on whether those opposing me are brave men or cowards," he says.

K.R.

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## MALAYSIA XI

## ... their roles

## Tun Tan Siew Sin

Tun Tan Siew Sin quit politics in frustration in 1974 after 15 years as Malaysia's Finance Minister and president of the Malaysian Chinese Association. He had been by-passed as Deputy Prime Minister. However, he has since re-emerged in business and is now tipped to become the chairman of Sime Darby.

As Financial Consultant to the Government, his words still command considerable respect. Tun Tan, 60, comes from one of Malaysia's oldest and most distinguished Chinese families (three of their long residence in Malaysia the *bahus*, unlike other Malaysian Chinese, have come to use the Malay language in their daily life).

After a short stint as Minister of Commerce and Industry, Tun Tan took over the Finance Ministry in 1969 and held it until 1974. Sometimes criticised as being too conservative and orthodox in his budgetary and monetary policies, he nevertheless earned the respect of his Cabinet colleagues and business community for his skilled management of the economy. As Finance Minister, his biggest

decisions involved the severance of the financial and economic link between Malaysia and Singapore, which he said were inevitable because of political separation.

As a politician, he was less successful. He left the Chinese with a leadership vacuum when he quit politics and they also lost the Finance Ministry—the most important portfolio they had had all along.

## Bleak

Tun Tan now heads about a dozen companies including United Malacca Estates, which owns some 20,000 acres of rubber and palm oil in which his family has always had a majority interest. He is also on the Board of Sime Darby, Charter Consolidated, and Highlands and Landmark.

The former MCA leader is pessimistic about the future of the Chinese in Malaysia. "The Chinese are too short-sighted," he says. "Many still have not realised that there is no future in the traditional family business. They are not interested in politics but politics is interested in them. Their future is bleak if they remain politically apathetic and disinterested."

W.S.

## Datuk Tan Chin Nam

THE STORY of Datuk Tan Chin Nam, 59, Malaysia's biggest housing developer and house owner, is a typical story of a Chinese who had made good through sheer hard work, perseverance and thrift. He was born in Selatong in 1926, the sixth child in a family of ten. His father, a migrant from China, was a fairly prosperous rubber trader, but lost his fortune during the 1929 rubber slump.

The family then moved to a small house and had to take in school lodgers to make ends meet. Datuk Tan's education at the Victoria Institution, the premier school in Kuala Lumpur, was interrupted by the war, and his family fled to Klang, 20 miles away, where they cleared land and subsisted on vegetable farming during the Japanese occupation.

After the war, Datuk Tan moved to Penang, where he worked at various odd jobs ("I worked 18 hours a day during those years") until he was able to save up Ringgit 3,000 to start a business in 1947. His first venture was in the import business—supplying vegetables from

Indonesia to the British Army. It prospered, and he branched off to rice, sugar and flour distribution, and later to housing. He helped in setting up the Dangko Bank in Kuala Lumpur in 1959.

He now runs three housing companies—Ipon Garden, Petaling Garden and Negara Properties—the last one being a joint venture with the Selangor State Economic Corporation to build 9,000 houses outside Kuala Lumpur.

Datuk Tan, who is the president of the Housing Developers Association, admits that Malaysia faces an enormous housing problem. The solution, he says, is for the Government to allow for a higher housing density in certain urban areas, and to open up more land for housing. His companies have partnered the Government on a pilot project to build low-cost houses, but with the death of Tun Razak, this partnership may come up against bureaucratic hurdles.

Datuk Tan is well known in Malaysian and Australian racing circles, and is part-owner of the horse, Think Big, which won the Melbourne Cup in 1974 and 1975. He is hoping for a hat-trick this year.

W.S.

## Ungku Abdul Aziz

UNGKU ABDUL AZIZ, as vice-chancellor of the University of Malaya, has one of the country's toughest jobs in administering the Government orders which last year disbanded all student organisations, and stemmed on political activity and demonstrations in the universities.

He admits the present regime is "hard on students who have known the previous freedom" but believes the restrictions are being justified by results. "We find that students are studying more. The library was full in the first term, and it had never been full before. The exam results are better."

He stresses the problems of adjustment faced by many students from poor homes in outlying districts.

His own academic career is distinguished, with a string of

teaching and administrative "firsts"—first Malay university lecturer, first Malay professor of economics, first Malay dean, and then first Malay university head. He chose academic life rather than politics, because "One should know things better before deciding what should be done. Why, for example, were the Malays poor? If I had become a politician I would not know the answers."

## Students

He says his personal relations with students are good. He has been a friend of some of the students now under detention and has stood during demonstrations with students, under tear-gas fire, trying to negotiate with the police for them. In the university he pursues an "open door" policy and is willing to argue until midnight with a student who feels aggrieved.

W.S.

## Dr. Mahathir Mohammad

DR. MAHATHIR MOHAMMAD, the Deputy Prime Minister of Malaysia, must be the only such threatening leader in the world whose major work is waged in his own country. In 1966, he then Prime Minister Tun Abdul Rahman, named Dr. Mahathir's book, "The Malay Dilemma," on the grounds that it was "racist and kicked out of the ruling UMNO party."

For his part, Dr. Mahathir spent three years in the wilderness before being readmitted to the party. But this year he has come out of his exile. There were some doubts about his appointment as Prime Minister. But Dr. Mahathir's announcement last month of his choice of Dr. Mahathir as his deputy.

## Choice

He was the most junior Cabinet Minister and had only been a Minister of Education since September 1974. He had worked under Tan Sri Gopichandran, the Home Minister and the man thought to be the most powerful in the Government. At least all the cabinet members

Dr. Mahathir was 50 years old, and was named as the "Tiger of the East" by the *London Times*. He is a Malay, and

he may have two or three spoonfuls of Indian blood in him. He qualified as a medical doctor and has worked in both Government and private practice. His involvement in politics dates from the days when the British were ruling Malay, but "The Malay Dilemma" shot him to prominence and earned him the reputation of a Malay "ultra." This he denies.

He explained what he had said in his book: "There are a number of races in this country, and they are not equal. It is necessary that the Government should initiate steps to see that the races can achieve parity in all fields. The idea that the Malays should be the clerks in Government service, that the Chinese should go into business and the Indians into rubber is too simplistic to be acceptable in any community." Dr. Mahathir has the satisfaction that, though his ideas have been accepted by the Government as the foundation of its "Bangkokian" approach, policy, he said he was pleased that progress was being made. "The Malay Dilemma" had the advantage of being a book that was not only a book, but a book that had been read by the cabinet members and the public.

W.S.



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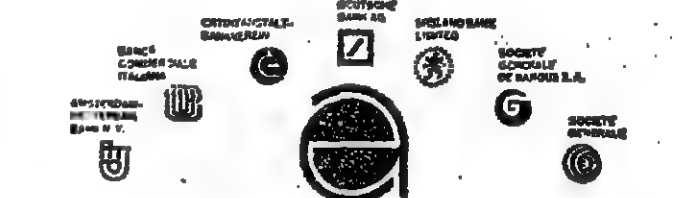
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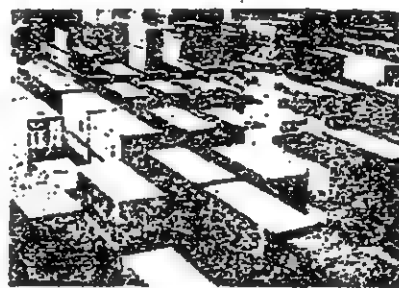
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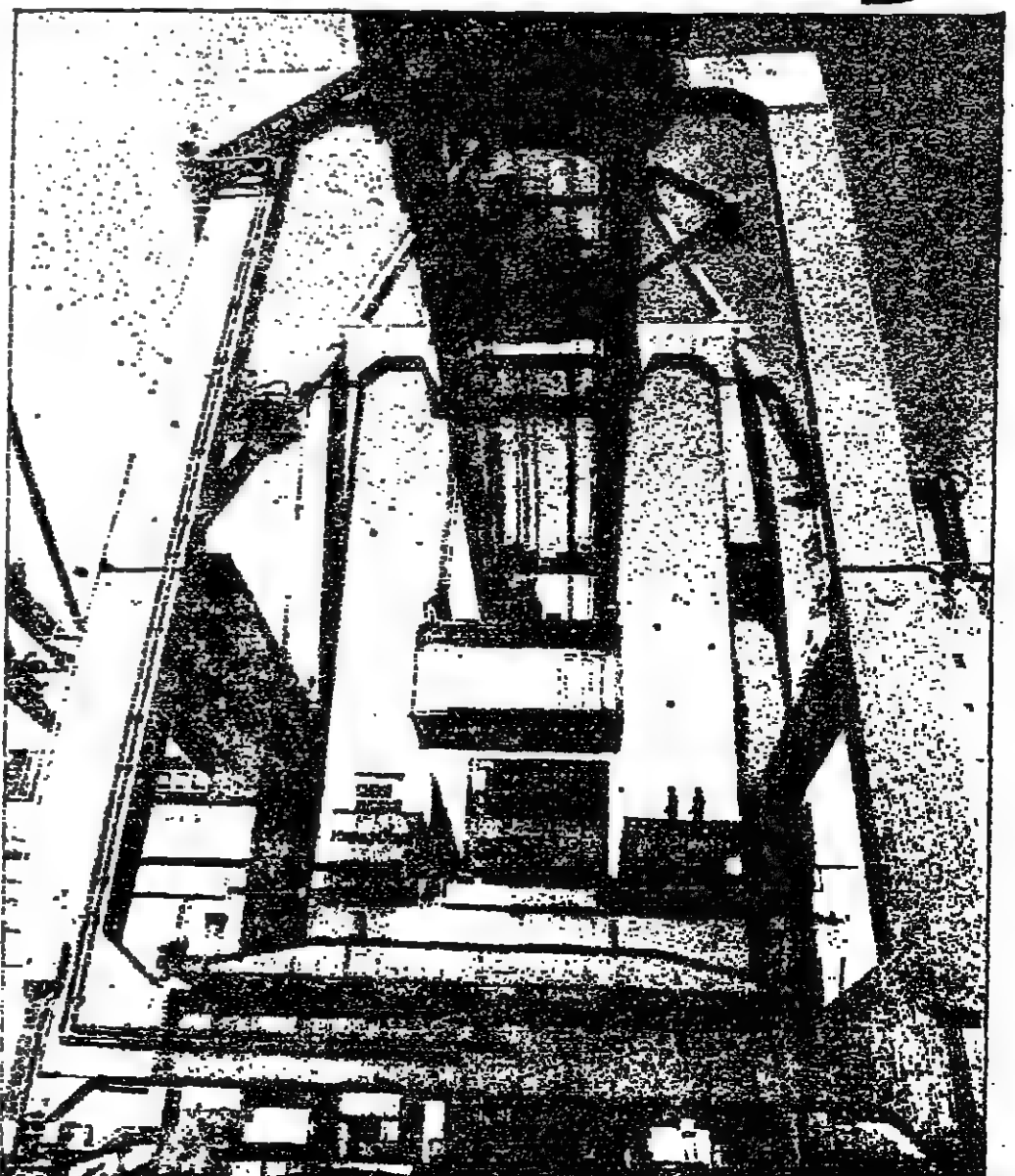
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## MALAYSIA XII

A great part of Malaysia's social problems lies in marrying the needs of the large sector represented by the out-of-town population with those of the urban sophisticates. This is something which the Third Plan has to tackle alongside its economic objectives.

# The Plan and the people

Ungku Aziz, the Vice-Chancellor of the University of Malaya, heard that one student about to graduate wanted a few more tickets for the graduation ceremony for his friends from his home village: so the Vice-Chancellor invited the whole village to come. So down they came from rural Perak to Kuala Lumpur, a splendid charabanc ride. They saw the ceremony. They went into the hostel to have some food, the same sort of food that the students ate the whole time. But they refused to eat a crumb. Ungku Aziz asked why. He was told in tears that the village had had a lovely day and they had been treated royally but they could not eat the food because they had never before seen such an array of dishes and all on fingers follow along the lines, as many dishes and they did not know where to start.

Chronicles of university life illustrate the gulf in Malaysia

between city and village. When the young, intelligent, poor student arrives for his first day at the university he finds many things strange and upsetting. According to Ungku Aziz: the poor village boy coming to university "has never really seen a girl's thighs before yet there they sit in miniskirts. He hears noise. He sees Malays who pray and he sees Malays coming back drunk."

"He goes to his economics lecture and the lecturer expounds his theory and refers to the latest issue of the Economic Journal and says there is no point in him wasting time repeating it as they can all read it in the EJ in the library. So the student goes to the library and gets out the EJ and he sits there looking at page one and his eyes and on fingers follow along the lines, but at the end of the sentence the words do not light up."

When the holidays come the student goes back and is the

admiration of the whole village. When he graduates he gets a job in the city bringing in Ringg300 or more a month, or ten times the most his father has ever earned. The next time he goes back to the village it is at the wheel of a smart new Japanese car and once again the whole village turns out to greet him and his parents live for days in the reflected glory of that experience.

## Topical

Such small examples from the life of a university student may seem trivial and irrelevant to the large question of Malaysia's third five-year Plan which is to be launched in the summer. But they are in fact highly topical and relevant. They suggest several things: that the Government has begun to make inroads and to pull some of the underprivileged Malays from poverty; that there is an enormous gulf

between the city and the village; and that the villages and villagers are still very poor. The Third Plan comes after the conclusion of ten years of successful Malaysia planning, at least in global terms. Growth in Gross Domestic Product over the last five years has exceeded the 7 per cent a year target; over the individual years the growth rates have been 7 per cent in 1971, then 6.4 per cent, 12 per cent, 7 per cent, and 3.5 per cent last year.

But for Malaysia global growth is not sufficient. There is also the vital task of restructuring society. Historically, although the Malays and other indigenous people of Malaysia make up a majority of the population they have had nowhere near the same share of ownership of business, finance and industry. Those fields have been controlled by the foreigners, notably the British with domination of the mines and agricultural plantations despite being

a tiny percentage of the population, and by the Chinese, who are about 37 per cent of Malaysians.

Doubtful generalisations have been made about how the Malays were happy to work, or even to fall asleep, in their Kampongs (villages) growing padi, how commerce and banking suited the Chinese, how plantation work and drinking toddy was what the Indians like best, and how the foreigners were best at running the plantations, mines and big industry.

Just how different from the country's racial pattern was its commercial ownership pattern was revealed in 1970 when the Government produced figures showing that foreigners controlled 61 per cent of the total share capital of all limited companies that the Chinese owned 21 per cent, and that the Malays were left with a mere 1.9 per cent. (The figure gave a distorted picture to the extent that they dealt only with limited



Fishermen in Trengganu State repairing their boats.

companies). Immediately the Government laid down an outline perspective plan under which by 1990 the Malays would own and manage 30 per cent of industrial assets, the Chinese 40 per cent and the foreigners the remaining 30 per cent. The report stressed that assets would not be taken from the

foreigners, and in fact in volume terms by 1990 their assets would be worth five times as much as in 1970.

The Government's New Economic Policy presented twin aims thus: "the eradication of poverty among all Malaysians, irrespective of race, and the restructuring of society to eliminate the identification of race with economic function and geographical location, in the context of rapid economic growth."

Progress so far has only proved the nonsense of the old generalisations. Malays have been encouraged to enter business, banking and industry and have done so successfully. Malays have successfully joined the universities and graduated. The University of Malaya, the premier institution now has nearly half its roll of 8,500 students Bumiputras (Malays and other indigenous peoples) and about 1,500 are the really poor sons and daughters of fishermen and peasants. The Government has built roads, opened schools, and developed land resettlement schemes. The schemes of the Federal Land Development Agency (FELDA) particularly for palm oil have helped provide a better life for about 200,000 people.

Dr. Mahathir Mohamad, the Deputy Prime Minister, gave a vigorous defence of the Government's achievements in providing opportunities for the Bumiputras. He suggested that the very achievements had led some critics to "discover" poverty. "Poverty was still there at the time of the British, but nobody built roads into the remote villages to look." He admitted that there were problems especially because some Bumiputras expected wealth to be put into their hands without any effort on their part. "It is rather like dealing with a man drowning in the river," the Deputy Prime Minister said. "If that man can swim it is all right because you can point to him where he can go to safety. But he has to prepare himself to swim."

allowing Malays a pre-faculty year. It will take time to establish a scientific tradition and in the meantime Malays at poor schools will have to do the best they can in schools which have, say, one microscope per class while the rich Kuala Lumpur schools have one per five pupils.

Others are the result of distortions of policy. There are good reasons for doubting what impact the new policies have had on the really poor in the rural Malay villages. The official Treasury Economic Report issued in 1974 suggested that the poor had become relatively poorer since independence. Impressions out in the countryside would tend to confirm that.

In the typically Malay States where there are few Chinese, such as Kelantan, Trengganu and Pahang, there is poverty, primitive methods of agriculture, desperately poor fishing communities and not much sign yet that the Bumiputra policy is beginning to pay dividends. True, this is not the starvation level poverty of some countries to the West but it is a far cry from the Bumiputras of the capital who have got rich quick.

Another sign that the big breakthrough has not yet been made is that the squatters' colonies on the backside of Kuala Lumpur, out of sight of the swish, newly built highways, is growing. Latest surveys put the number of squatters at 200,000 or more than 20 per cent of the population of the Kuala Lumpur Federal Territory. The typical squatter has come to the city because he could not find work in his village. In the capital there are

jobs to be had at month, but not much dation for that it would leave enough support a family. But 600 or so a man can to build himself a ab does.

Most of the squ happy and they ca that they are bette they were in the v comparison with th in the Farcles of B Buses of Calcu people are rich inc homes are not bash out of odd orange b those of squatters other Third World they have decently homes and many is have radio sets and bicycles. But sani tions in the Kua squatting colonies a and research stu shown that the chil colony do less wel more likely to be r than normal childre

## Rural

Critics accuse the Government of payin attention to bringi Bumiputras in the business and in b and not enough int astant and demand looking after the m Bumiputras. After a dian starts demand Bumiputras should cent of the business not in 1990 but by latest, the easiest- him up may be to g share. The real is Bumiputras will is because they have o do making their livi

Experts like Ungk have made detailed the problems of underdevelopment, a essential need is i the administrative at says "the Govern failed to deal with a before bringing in a logy." As a result it the rich to gain t benefits of the new "Tun Razak thou you brought in the nology to the pei would cure all. But of course, may be simply without b change. If you give time before there is tradition to the peasants the will own the tractor bring the new tech money must be forp fertiliser and Capital is vitally imp who has capital but capitalist?"

Ungku Aziz says difficult for the f borrow—though civi can borrow at 4 per ordinary peasant i 10 or 12 per cent. Government agencie cent to the pawnsh run by the Chit between 50 and 120 to outside agencies. to the Government's a

He complains of d feeding of Malays in t sions and in the fact comments "the pri poverty and rural y not a lack of million The Government delicately balanced tas to help the Malays antagonising the Chin wants to create indus rapidly it must seek expertise and investme the same time it must established foreigners the Bumiputras into t ness. In the last year evidence that the l Government has got d tion wrong with some ments, notably Trade Federal Industrial Devi Authority, pressing for emphasis on attracting capital and others doi to hinder the entry of capital.

There are signs that the bureaucrats and the senior politicians re mistakes. Malaysia's fr any rate are hoping t next plan will conta strident emphasis o Bumiputras and more or ing poverty—in which it occurs.

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فكان اسم الأصل



# What the West must tell Mr. Vorster

WESTERN PRINCIPLE in Southern Africa is vital, for the West's own sake. This has little to do with whether or not the Africans, or even with whether or not the seas around the Cape of Good Hope become a pond for the Soviet Navy. The really important matter at stake is one of political morality — and the fact that this has to be mentioned with a tumbling apology and a slight blush is in itself evidence of the fundamental weakness of the West in standing up to forces whose motive power is a burning ideology (for Communist imperialism).

For Britain, America, and other Western powers will have to make several decisions about Southern Africa this year. Every one of them is likely to involve a moral dilemma. How much support shall be given to Mozambique? What must be done if there is a massacre of whites in Rhodesia? Should the first "bantustan" — the Transkei — be recognised when South Africa proclaims it "independent" in October? What is to be said to Mr. Vorster, the South African Prime Minister, if he calls for support from the West against further armed incursions by Cuban troops?

It is no use pretending that there is an easy answer to any of these questions; this is all the more reason why the British and U.S. Governments should begin to prepare public opinion for them now. Some will insist that Britain should have very little to say, since its power is so small — but it still has a strong influence in parts of Africa and in the U.S., where Senators and State Department officials alike continue to listen hard to the British point of view on Southern Africa.

Britain's diplomatic role in the area is of some importance for two further reasons. Until the Presidential election in the U.S. is over it will be difficult to get major decisions out of Washington unless they are forced upon the Americans by events beyond their control. There is no reason why the debate among Western nations should be left in limbo for the whole of the lame-duck year in America. Britain's qualifications for taking part in such a debate are that (a) it is still technically the sovereign power in Rhodesia; (b) a large part of the white Rhodesian population was originally British while the smaller half of the South African white population is still at least English-speaking; (c) in South Africa residual ties of history, culture, trade, law, and even constitutional method persist; (d) just about every major U.K. company has a stake in the Republic.

## Muscle

This is not to say that influence should be confused with power. If there is to be hard action on any scale — in the form of aid, or assistance on one side or the other, or global diplomacy designed to convince, say, the Russians that further intervention would cost them too dearly — then the Americans who will have to provide the muscle. But this is no reason for the British, whose responsibilities persist, to stay mute.

It is much easier to take the argument this far than it is to set down exactly what we should be saying. If a policy is to be based on some notion of political morality, as I believe it should be, the question must be faced — whose morality?

Many people who watched the decolonisation of Africa are understandably disenchanted with the results. Most of the newly independent countries have become military dictatorships in which the condition of the ordinary African is not necessarily any better than it was when the "wicked colonialists" were in control. General Amin is apparently a blood-thirsty tyrant; there is no logic that could prove that a government under someone like him would be more morally acceptable than, say, Mr. Ian Smith's administration.

Again, it was quite clearly wrong for the Cubans, supported by the Russians, to send troops to mow down one faction of black nationalists in the hope that the winning faction would become clients of the Communists. Last Thursday's Security Council vote, which condemned South Africa's intervention but failed to mention Cuba's, was sadly hypocritical. Yet it would have been better for the long-term interests of the West if Europe or the U.S. had been able to support the nationalists in Angola and Mozambique 10 years ago; it is our present misfortune that neither could do so.

The explanation is that at that time Africa seemed peripheral; the strategic need to maintain bases on Portuguese territory appeared to be urgent. In those days, too, some Western governments saw immediate local issues (like the maintenance of employment in munitions industries) as of greater moment than the course of events in Southern Africa.

Today South Africa and its neighbours are moving to the centre of the stage. What is done there will affect the political interests of the West so

markedly that the preoccupations of a generation ago have themselves become peripheral. This is the lesson that has to be learned by those in Britain, America and elsewhere who



Chief Gatsha Buthelezi, the Xhosa leader, with Mr. John Vorster, South Africa's Prime Minister. Chief Buthelezi spoke recently of "offering a black hand of friendship to the whites of South Africa — probably for the last time."

have not yet understood. Some, notably on the Tory benches, seem to see all black governments as cast in the mould of Amin. Other Conservatives — not of the once-swirling old colonial school — have been so shocked by Angola that they seem to see all blacks as reds.

Yet the truth is that from the Western point of view there is one morality that can never be forgotten. We must support majority rule, which in practice means black government. Where this is the object we must see it as such, even if the same object is also supported by Russians or Cubans. This is

the stated position of both the British and the U.S. governments on Rhodesia. I believe that it is necessary to give vigorous support to majority rule for European and American reasons, as well as

munists have a much easier said in an historic speech in advocate violence. It is entirely up to the Whites whether the revolution unfolding in South Africa will be peaceful or bloody, he said. This has been true of similar statements by African leaders in the Republic for half a century and more; the tragedy is that until a very few years ago the Whites who gave the most enthusiastic positive response were members of the tiny Communist Party.

The time to think through the likely course of events in South Africa is now. The white South Africans possess a formidable army; a guerrilla war, or any other kind of war, could be long and bloody. Our Western attitude to UN initiatives in Namibia should be designed to prevent this by encouraging the peaceful transfer of power to the true nationalists there. Our answer to Mr. Vorster when he points to the Cubans or Russians or Chinese in North should be "If you bring an unnecessary battle on yourself, you fight alone."

Some followers of South Africa might protest that this is to put too much pressure on the Afrikaners, whose governing Nationalist Party must always consider the threat on its right. But the massacre of whites in Rhodesia — and, worse, what if it comes to be believed that this was made possible by Communist wealth/U.S. economic assistance? Surely our aim must be to prevent this from happening. The best course is to continue with pressure on Mr. Vorster to step down. Since we know that he will probably refuse, the honest policy is to refuse to let him out in detail the Government's plans for rescuing Rhodesia's whites, who fear Last week's election result in what might happen under a black nationalist government. The U.S. has hinted that it would oppose Cuban and South African forces in the area; it should — but the best way would be by using every form of pressure available to bring about a peaceful transition to majority rule.

Next, should the Transkei be recognised in October? The answer is "surely not." For lost his dignity, Mr. Vorster, this is at the heart of the matter. The powerful Zulu leader, Chief Gatsha Buthelezi, does not

## Pressure

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## Letters to the Editor

### Servicing the National Debt

From The Hon. Sec. Economic Research Council.  
Sir,—It has been estimated that the public expenditure in the field of public expenditure are likely to be wiped out by the estimated increase in the real burden of debt services. The White Paper on Public Expenditure comments: "The cost of servicing the debt has risen substantially and because of the cumulative effect of borrowing seems likely to continue to rise in the next few years."  
In this connection, should we not look more closely at the different approach which prevails in regard to the issue of the two main forms of money, the note issue and the issue of credit. In the case of the former, issued by the Bank of England, profits accrue to the national Exchequer, thus providing an interest-free and debt free issue of money. On the other hand credit, borrowed from the banking system is issued at a debt carrying interest at the prevailing rate.  
As long ago as 1943, an article in "The Future of Banking" in The Economist stated "The only justification that can be advanced for charging anything like commercial rates on created credit lent to the Government is that banks incur costs in handling the deposits to which their loans give rise. But if depositors bore the cost of handling, this argument would disappear."  
It is legitimate to ask whether, to the extent that credit is created by the banking system to lend to the Government, a payment for the service rendered would not be sounder and more equitable than the demand on the Government from the national viewpoint? When the Government requires new money to bridge the gap between receipts and expenditure there is, I suggest, a question of reason why the nation should be required to pay vast sums in interest charges to the banking system for providing what is, in effect, a service. The same principle should apply to the creation of the nation's credit as applies to the note issue.  
There is no doubt that the banking system provides an invaluable service for which they should be adequately reimbursed. Payment of interest is, in my view, unjustified. No question of savings arise, no one forgoes claims to wealth and in the true sense of the word, it is not a question of borrowing. The time has come for the Government to re-examine this question and to adopt a more realistic approach to the provision of finances for national purposes before we are driven in a sea of unpayable debt.  
Edward Holloway,  
10, Upper Berkeley Street, W.1.

Paper Association voted unanimously against Government support and, perhaps more importantly, there are considerable doubts about much of the reasoning behind a stock support scheme.  
One of the major arguments is that forecasts of waste paper demand indicate that there will be shortages by the early 1980s. There appears, however, to be no logical reason to suppose that the rate of growth of waste paper consumption will be any faster in the next decade than it was in the past. Forecasts made by the European Commission suggest a slightly increased growth rate for 1975-80 compared to previous years, but the growth rate does not approach the 6.5 per cent annual growth implied by the 1.1m. tonnes annual shortage predicted by the Government in the first report of the Waste Management Advisory Council, and it is not difficult to show that this figure is entirely mythical.  
In this country we have a highly efficient merchanting system (in contrast to many other countries) and it seems safe to rely on the free market to regulate the pulp substitute grades as they are required.  
If, however, there is a sudden excess demand for the low grades at present used for hard making, it will be because, either there is a remarkable boom in packaging, or because there is a significant new use. Neither of these are currently forecast but, if they did happen, it is worth remembering that, in 1974, when the prices paid rose dramatically, the weekly collections of waste rose by 40 per cent, or nearly 1,800 tons per week, over 1973: no one will dispute that this demonstrates a market's ability to meet reasonable demands.  
In 1974 it was the buoyant demand on the Continent that led to an export boom, and some mill suppliers lost their nerve and placed enormous import orders. Subsequently, in the third quarter of 1974 the U.K. became a net importer of waste

paper on a substantial scale, something that did not happen in 1973. Figures published at that time for mill stocks and usage showed that mill intake and consumption were in step, stocks were rising and therefore the imports were quite unnecessary.  
Consequently we believe that the threat to supplies of waste paper has a threefold solution. First, we must ensure that we are getting the right information that we get from our forecasting and not find ourselves manipulated by a phantom position. Third, we must increase our national capacity for converting waste paper into pulp substitutes by, for instance, having a deinking newspaper plant such as the Garden State operation. Christopher Wilkins, John Dyer (Fibres), David W. Pearce, Leicester University Public Sector Economics Research Centre, Loughborough, Leicestershire.

From The Managing Director, Hawthorn Leslie (Engineers).  
Sir,—The article by your Service Editor on district heating (March 27) has certainly provoked a future and I hasten to join the debate before a deluge of correspondence forces you to drop an editorial guillotine, though regretfully as yet I have not had an opportunity to study the full report prepared for the South of Scotland Electricity Board by Kennedy and Donkin.  
The report is valuable in that it apparently shows several ways of how not to tackle the problem of combined heat and power generation, but I am disturbed that many of your correspondents appear to assume that a major study costing £20,000 will have necessarily embraced the most advantageous approach within the nine separate schemes that it examined.  
Though I heartily endorse the sentiment that considerations of fossil fuel conservation should not necessarily be sacrificed in favour of immediate financial considerations, it is obvious that the case for combined district heating and power generation schemes will be greatly strengthened if it can be shown that it is not in the detriment of the short-term economy. Such a case can undoubtedly be demonstrated and I too do not accept that the study is a serious blow for enthusiasts of large-scale district heating

From Mr. C. Wilkins and Mr. D. Pearce.  
Sir,—In your feature on paper and board (March 28) there was an article on the threat to supplies of waste. This started by announcing the disappointment prevalent in the industry due to the Government's current attitude to a stock support scheme. We believe it is also worth recording that there is considerable relief in the waste paper trade that the Government is not going ahead with this scheme. People do not seem to be aware that last year the British Waste

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### Uncertain recovery

From The Chairman, The Anti Dear Food Campaign.  
Sir,—I have been a vocal supporter of your leader (March 30) on the inadvisability of import controls as recommended by the Cambridge Economic Policy Group and also your preference for a reduction in the proportion of material resources absorbed by the public sector.  
One factor which may have escaped the notice of those optimists who believe that a recovery is certain to follow the current recession and that we only have to wait long enough for things to get better, because it has always happened so before, is this precise shift in the allocation of resources. When the economy was activated, by and large on free market principles, boom tended to follow slump and vice versa through the

the painful processes of market adjustment.  
But when more than 60 per cent of the total activity of the national economy is completely controlled by well-paid officials who are totally insulated from the stimuli of supply and demand, how are the necessary adjustments expected to take place? And if there is no automatic recovery but only deepening recession, with its continuing internal and external deficits, what then?  
Oliver Smalley,  
Neville House,  
Wendens Ambo,  
Saffron Walden,  
Essex.

From Dr. Paul Rogers.  
Sir,—In your issue of March 25 you include a report by David Fishlock on the recent Government discussion paper entitled "Future World Trends". This is welcomed by your correspondent as "a perfect example of the kind of work the Cabinet Office secretariat should be undertaking" if this is indeed so, then we are in some need of imperfect examples.  
While one might agree with some of the conclusions reached in the study, there are others which dispute the very nature, which in Mr. Fishlock's view, is normally the province of environmentalists. In particular, the paper criticises the simplistic view that we are running out of mineral resources, explaining that the limits to the use of such resources are economic and technological, many minerals being available in virtually inexhaustible amounts. The basic error in this line of thinking is to ignore the increasing obvious fact that the problems of mineral resource availability are now largely political.  
By an interesting coincidence, the same issue of your paper

also contains Malcolm Rutherford's report on the Chatham House conference on the International Politics of Commodities. I am sure that the men such as General Cerone of UNCTAD and William Clark of the World Bank are in no doubt that we are heading towards a period of confrontation between third world resources producers and the consumer countries of the industrialised world.  
The weight of opinion among economists may still be that exercises in producer power undertaken with such success by the oil and phosphate producers may not be repeated by other third world resource producers, but there can be little doubt that attempts will be made. This could well lead to a north-south confrontation, a political situation apparently ignored by the Cabinet Office report, yet of the greatest significance for a country such as Britain.

Surely it is as narrow-minded to consider future resource problems in just economic and technological terms as it is for environmentalists to suppose that rapid resource depletion is imminent. The problem of resource availability which we face results from a current political situation with its origins in the state of world development. Producer power exerted by third-world countries may, within years, no longer bring about the kind of situation envisaged in the original "Limits to Growth" study a century hence. It is a pity that the Cabinet Office report appears unable to recognize this.  
Paul Rogers,  
Dept. of Applied Chemical and Biological Sciences,  
The Polytechnic,  
Queensgate,  
Huddersfield.

From The Managing Director, Incostram.  
Sir,—In the past two or three years we have seen and suffered any number of transport firms specialising in the TIR trade to Europe going into liquidation, leaving bad debts running into tens of thousands.  
Many sides of the trade are hit; other transport firms accept sub-contracting work, leasing companies and steamship lines; all suffer. The majority of these liquidations are unfortunate and are the result of the times in which we live. There are, however, also quite a few, even before the ink is dry on the announcement, the one of which is already being handled by a new firm whose directors—surprise, surprise—are mostly the same as the company going into liquidation.  
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### Politics of commodities

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### Transport failures

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### Malaysia

(māl'āsia)  
Malaysia (māl'āsia) Peninsular Malaysia, Sarawak and Sabah. Area of expansion and development—increasing industry, imports and exports—potential for foreign investment—the major producer of rubber, tin and palm oil—and Standard Chartered are there.  
We have been in Malaysia for over a century and our 35 branches, linked to our global network, play an important part in the business life of Malaysia.  
If you have business or are interested in Malaysia, ring Eric Bower our Business Development Manager on 01-623 7500, Extension 2313, to hear how our strong representation there can help you.

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### To-day's Events

GENERAL  
Third and final ballot for Labour Party leadership.  
E.C. Foreign Ministers and EEC Agriculture Ministers begin two-day meeting, Luxembourg.  
Emress Farah of Iran begins visit to U.K. as guest of the Queen.  
Mother and of British Government.  
Duke of Kent, vice-chairman designate, British Overseas Trade Board, opens British Technology for Malaysia Exhibition, Kuala Lumpur.  
Mr. Tariq Aziz, Iraqi Minister of Information, begins visit to U.K.  
Sir Lindsay-Ring, Lord Mayor of London, attends Pevsner's Commemorative Dinner, Goldsmiths' Hall, E.C.2.  
Companies Registration Office begins move from London to Cardiff.  
PARLIAMENTARY BUSINESS  
House of Commons: Debate on EEC documents on lead pollution.  
House of Lords: Motion (Caravan) Bill, consideration of the Caravan Amendment Bill, second reading.

COMPANY RESULTS  
Freemans (London S.W.8) (full year), Gratton Warehouses (full year), Richland Distillers (half-year), Kwik Save Discount Group (half-year), Redditt and Colman (full year).  
COMPANY MEETINGS: See Week's Financial Diary on page 8.  
OFFICIAL STATISTICS  
National income and expenditure (fourth quarter and year 1975). Wholesale price index (March). Retail trade (February). Hire purchase and other instalments credit business (February).

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# COMPANY NEWS + COMMENT

## Charles Clifford recovery to £235,000

A TURNAROUND from a 1974 loss of £188,000 to a taxable profit of £235,000 for 1975, has been achieved by Charles Clifford Industries, recently the subject of a bid approach. At halfway, profits were down from £263,000 to £282,000.

Mr. Eric Bulley, chairman, reports that the metal spraying division again achieved record figures and this easily absorbed the trading loss (excluding metal profit) incurred by the wrought metals division which was reported in the interim statement but arrested in the second half.

The result was substantially contributed to by a movement to profitability under the metal price changes and exceptional items headings but, particularly towards the end of a year of mixed fortunes, there were "encouraging" trading trends emerging, he adds.

In the wrought metals division in order to help in a "most difficult" time, all from the Board downwards voluntarily accepted a 10 per cent. cut in salary for some months, says Mr. Bulley. By the end of the year this division was again trading profitably, a position which still obtains—business is gradually improving. Earnings per 11 Ordinary share for the year are shown at 14.3p (loss 18.1p)—earnings excluding metal price changes, profits and tax thereon are 6.2p (loss 1.3p). However, in order to finance the expansion of the "highly profitable" metallisation side and to complete modernisation of Dog Pool Mills, the final dividend is restricted to a same again 3p net per share, making with the reduced interim, a total of 3p against 7p.

On the future, Mr. Bulley tells members that prospects for the continued growth of the metal spraying division are "bright" and the re-equipment of Dog Pool Mills will put the wrought metals division in a good position to take

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F.T. Share Service	26	6	Park Place	26	7
G.K.N.	26	8	Ratcliffe (Gt. Bridge)	26	7
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full advantage of industrial recovery when it comes. Receipt of the bid approach was announced on Thursday. No names have been mentioned, and shareholders were advised to take no action pending further details.

### comment

A 40 per cent. improvement at the trading profit level from Charles Clifford's metal spraying division, together with a swing round to stock profits of £151,000, have compensated for the £229,000 drop into losses from wrought metals, and overall profits show a substantial recovery. However, the profits trend within the wrought division is encouraging since it has operating in the black during the last quarter of 1975, after a year of losses. But the sales pattern remains sluggish—down to £2.2m. in the second half against £2.7m. in the comparable period. Elsewhere, profit margins at metal sprayers came under pressure in the second half, but now the group is selling more abroad and margins are recovering. The shares at 107p have risen by 22p over the past week, and the 3p cut in the dividend leaves the yield at 7.4 per cent. An approach which may lead to a bid was confirmed on Thursday though the suitors are apparently not Cooper Industries with a 27 per cent. stake.

### Wimpey Saudi Arabia move

George Wimpey and Co. announces that it is taking advantage of the increasing activity in the proposed expansion programmes in Saudi Arabia, its wholly-owned subsidiary Wimpey Fabricators

has registered a local company at Al Khobar, in partnership with the National Contracting Co., a member of the Remyat Group.

The new company, called Arabian Mechanical Engineering, will carry out the mechanical and electrical construction of process and industrial plants.

### G. Oliver sales expansion

THE EARLY months of 1976 have shown a satisfactory level of turnover for George Oliver Foot wear, but the directors are well aware of the problems in both retail and manufacturing, says the chairman, Mr. I. D. Oliver.

Mr. Oliver emphasises that the opportunity to surpass the record 1975 profit must, in these days of cost inflation, await to a great extent to conditions of "real economic growth".

As reported on March 6 group pre-tax profit for 1975 was £473,738 (£408,583) and the dividend 1.33p (1.44p) net.

It is anticipated that six new branches will be opened before the autumn of this year and it is intended, subject to trading performance, to modernise some.

Fixed assets appeared at £2,344m. (£2,222m.). The directors consider that at end 1975 of land and buildings substantially exceeded book. On the basis of the last valuation completed at June 30, 1975, or of subsequent cost of additions, after allowing for disposals the excess over book

value at December 31, 1975 amounted to £3.1m. (£2.2m.). Meeting, Braunstone, Leicester, April 30, noon.

## Chas. Early & Marriott profit fall

TAXABLE profits of Charles Early & Marriott (Whitney) fell from £480,650 to £384,592 in the year to January 30, 1976, after being down from £194,204 to £179,028 at halfway.

A final dividend of 1.458p per 10p Ordinary share lifts the net total from 1.682p to 1.7736p—the gross equivalent is up from 25.42p to 27.23p per cent.

Home turnover was £3,238,341 (£3,151,561) and exports £1,911,223 (£1,872,479). Total turnover £5,149,564 (£5,024,040). U.K. tax £163,380 (£177,490). Net profit £196,292 (£214,428). "Two" clearly fell on strong soil in the ordinary interim £17,330 (£17,530). Proposed final £2,845 (£2,824).

### comment

Exhortations by Charles Early's chairman at the half-way mark to replace heating in the winter months by an "extra blanket or two" clearly fell on strong soil in the mild weather, for at the year-end the group is suffering from lower turnover in the home market. But export sales are up and the floor covering side is apparently holding its own. This still leaves overall margins suspect and pre-tax profits for the year to end January are down by over 20 per cent. But this has not stopped Early from increasing its dividend, and the interest now will be to see what is said about prospects in the annual report.

Meanwhile the well-covered dividend yield of over 13 per cent. seems to take care of any doubts.

The directors have decided not to introduce current cost accounting until details of the method and the legal implications have been clarified. But an indication of the impact of inflation is given.

This shows that application of only three of the recommended adjustments would have reduced the profit of £384,592 to only £70,000 or a loss of £203,000 (after tax £273,000).

The three adjustments are estimates of the following information: the cost of sales in relation to stock consumed; depreciation chargeable on value to the business of assets being depreciated; and current purchasing power adjust-

### Transatlantic Market Trust growth

Pre-tax income of Transatlantic Market Trust expanded from £24,043 to £24,136 in the year ended March 11, 1976, subject to Jersey tax of £36,814 against £30,005.

A single interim payment of 19.50p per share is declared net of Jersey tax, compared with 18.84p previously.

Gross income for the year amounted to £700,708, compared with £267,073. Equalisation payments were £35,973 (£39,200).

### Newey sees return to profit

DESPITE being concerned about the general economic situation in the U.K., Mr. M. C. Newey, chairman of Newey Group, says the Board is confident that unless the situation deteriorates further the home companies should be profitable in 1976, that the export and overseas situation is improving, and that there should be no further special losses.

As reported on March 3 a loss before tax of £17,813 was incurred for the 32 weeks to January 4, 1976, compared with a profit of £294,088 for the previous year. The loss was struck after exceptional losses totalling £350,000, which was previously 6p to 2p per £1 share.

Mr. Newey explains that it was

impossible to increase sales at a rate necessary to compensate for inflation. He reports that a programmed controlled automatic nickel plating plant at the Tipton factory is now operational. Also recently installed in the printing department is a conveyor varnishing plant for the application of sealing adhesives, "which will repay its capital cost in one year's operation."

The chairman points out that the manufacture of specialised products produced for the 12th-dashery and industrial divisions requires inbuilt engineering expertise and he says that during the year, work has proceeded on many developments of the processes involved.

Some of these have been very successfully concluded and this work on cost saving projects is continuing, the chairman adds.

Directors' emoluments include compensation to a former director of £1,202. Meeting, Birmingham on April 30 at 4 p.m.

### H. Mackay ready for any upturn

THE road ahead for manufacturers of "Durham" carpets, Hugh Mackay and Company, "is stony," says the chairman, Mr. J. Mackay.

"We shall continue to traverse the present bumpy road in line with the money and be ready to change to top gear (even overdrive) as the surface improves," he declares.

As known, group pre-tax profit for 1975 was £353,879 (£462,959) and the dividend is 2.96p (2.81p) net. Selling prices were increased almost quarterly—the monetary sales volume again places a cloak over the drop in actual volume of carpeting sold.

The directors have decided not to introduce current cost accounting until details of the method and the legal implications have been clarified. But an indication of the impact of inflation is given.

This shows that application of only three of the recommended adjustments would have reduced the profit of £353,879 to only £70,000 or a loss of £203,000 (after tax £273,000).

The three adjustments are estimates of the following information: the cost of sales in relation to stock consumed; depreciation chargeable on value to the business of assets being depreciated; and current purchasing power adjust-

ments to net monetary assets or liabilities. Meeting, Durham, April 21, noon.

### Growth at City Offices

IT IS EXPECTED that growth in rental income of The City Offices Company will be maintained in the current year, says the chairman, Mr. G. S. Pitt.

With the operation of the rise and fall clause under existing leases and income from the investment portfolio it should continue to improve but will be limited by dividend restriction.

A further substantial benefit in revenue will not accrue until Temple Colston House, Bristol is let and fully income producing, the chairman adds.

The policy of maintaining a balance between property assets and Stock Market investments should continue to provide a sound basis for further growth in profits, says Mr. Pitt.

As reported on February 13, gross income for 1975 was £1,080m. (£1,030m.) and the dividend 1.4p (1.32p) net.

Total value of the investment portfolio at the year-end stood at £2,344m. against a book value of £2,272m. Income from quoted investments rose from £157,457 to £220,283, in part reflecting benefit of a full year's income from investment of a further £9.5m. in the latter part of 1974.

At March 1, 1976, the British and Commonwealth Shipping Company (through its subsidiary, B.C. Investments) held 23.94 per cent. of the ordinary shares of the subsidiary, Lusaka City Offices, 21.87 per cent. of the capital was held by subsidiaries of Grindlays Hold-

ings. Meeting, Palmerston House, 51 Bishopsgate, EC, April 27, noon.

### FT Share Information Service

The following securities have been added to the Share Information Service:—

AGA AB (Section: Overseas—Stockholm)

Brunner Lav. Trst. (Section: Insurance—London)

Smith (Whitworth) (Section: Engineering Machine Tools)

Sociedad General Financiera S.A. (Section: Overseas—Spain)

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total of dividend for year	Total of dividend for last year
Chas. Clifford	1.46	July 1	1.35	1.77	1.68
Chas. Early	1.458	July 1	1.682	1.7736	1.682

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Ratcliffe increase capital outlay

GROUP CAPITAL expenditure was severely restricted by non-ferrous strip manufacturers, Ratcliffe (Great Bridge) in 1975. The chairman, Mr. F. R. Ratcliffe, in his annual statement. But authorisations are being "increased modestly" to ensure that both plants are ready for the expected upturn in demand. At 1975 commitments contracted and were £218,000 (£150,000) and there were £27,700 (nil) not contracted.

The chairman reiterates that both the U.K. and Canadian plants are working to capacity and, providing inflation rates in both countries can be kept under control, prospects for 1976 are encouraging.

Pre-tax profit for 1975 was £729,100 (£514,100) and the dividend is raised to 1.544p (1.447p) net in view of a strong second half recovery and improved prospects for 1976.

A geographical split of external sales shows (in percentages): U.K. 38.8 (44.3); U.S. and Canada 41.2 (35.8); elsewhere 22 (19.9). Export sales from the U.K. were £2,070m. (£2,342m.).

Meeting, Birmingham, April 28 at 3 p.m.

### Park Place improvement in first half

For the six months ended December 12, 1975, pre-tax profit of Park Place Investments showed a 117 per cent. rise from £24,000 to £52,000 and the directors expect that results for the second half should show further improvement.

It is considered imprudent to declare an interim dividend before the capital reduction scheme has been carried through, but the directors expect that a final will be paid for the full year. No dividend was paid in 1974-75.

When pre-tax profits were £55,000, the dividend was 25p share. Stated earnings per 25p share for the first half have doubled from 0.4p to 0.8p.

Meeting, Palmerston House, 51 Bishopsgate, EC, April 27, noon.

### GKN exp in SE Asia

Guest Keen and British's big group, is opening a new company, as (Malaysia) Sentania, to be a base for its products in Malaysia. Although GKN

increasing its export to Malaysia in recent years, the company would provide a base for its products in that area.

Prospects were good not only in the provision of equipment and components but also in the use of local labour to provide a further that area.

### INTERIM STATEMENTS

#### Victor Victor Products (Walsend) L

#### Consolidated results (unaudited) the six months ended 31st Oct.

	6 months to 31.10.75	6 months to 31.10.74
Group Turnover	2,160,509	1,696,589

Trading Profit	338,837	257,978
Investment Income	1,062	1,062

Profit before taxation	339,449	259,040
Provision for taxation (1)	176,513	134,700

Profit after taxation	162,936	124,340
Interim dividend (2)	41,403	37,457

Earnings per ordinary share of 25p each	4.26p	3.25p
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#### NOTES:

1. Corporation tax is charged at the rate of 53% (52%).
2. The interim dividend of 1.083p per share will be paid on 16th April, 1976, to shareholders whose names are on the register on 16th April, 1976. The equivalent for 1974 was 985p per share.

#### STERNBERG, THOMAS CLARKE & CO

MEMBERS OF THE STOCK EXCHANGE are pleased to announce that the following join the partnership today.

MR. T. A. M. PIGOTT • MR. W. J. B. SNEA • MR. A. R. C. HOBBS • MR. F. T. REES

\* Resident at the Horsham Branch.

#### WHATLINGS

CIVIL ENGINEERING AND BUILDING CONTRACTORS

Results for the year ended 30th September 1975

	1975	1974
Turnover	16,361,562	10,402,986

Group profit (before tax)	233,080	215,222
Net Assets	1,508,702	1,307,013

Rate of Dividend paid	0.447p	0.419p
Earnings per ordinary share of 5p	1.10p	1.171p

Mr. James Robertson, B.Sc., C.Eng., F.I.C.E., the Chairman, reported: The volume of work on hand will ensure that the current year to September, 1976, will again show a record volume of turnover and it would appear that there should be a significant increase in profitability.

Copies of the full report from: The Secretary, Whatlings Limited, North Claremont Street, Glasgow G3 7LF

An important announcement to our stockholders:

# CITICORP



Copies of the 1975 Annual Report of Citicorp can now be obtained from: Citibank, N.A., 336 Strand, London WC2R 1HB, between the hours of 9.30am and 4pm Monday to Friday.

Postal applications should be addressed for the attention of the Librarian.

# CITIBANK

Citibank House, 336 Strand, London WC2R 1HB

## Cornercroft Limited

The fortieth Annual General Meeting was held on 2nd April in Coventry and the Chairman Mr. J. R. Mead, J.P., F.C.A. included the following remarks in his address to the shareholders:

"Pre-tax profits for the year ended 30th September, 1975 were £290,263 from turnover of £4,030,000. These figures compared with a pre-tax profit of £372,533 from turnover of £3,856,000 for the previous year. The decrease was mainly due to the effects of recessions in the motor and aircraft industries with some falling off in the sub-contract engineering divisions, particularly related to the telecommunications industry.

Activity in the pump and agricultural divisions was well maintained and sales of pumps in the horticultural ranges were particularly encouraging.

Export and overseas sales increased from £555,000 to £765,000 and the results achieved by the Dutch subsidiary were very satisfactory.

It continues to be difficult to forecast future results. Until December last business was not good, but since the beginning of the new year there has been some improvement in the order situation. Strenuous steps are being taken to find new outlets at home and abroad and to be prepared for an upsurge of business as conditions improve.

The final dividend of 1 82p per share, equivalent with tax credit to 2.8p, brings the total gross dividend for the year to an unchanged 4p per share."

### OLDHAM & SON LIMITED

(Incorporated in England under the Companies Acts, 1948 to 1967)

Created	Now in Issue
£418,580 7½ per cent. Debenture Stock 1985/90	£418,580

Permission has been granted by the Council of The Stock Exchange for the 7½ per cent. Debenture Stock 1985/90 ("the Stock") to be advertised. The application follows the reconstruction of the Stock which was previously 6½ per cent. Debenture Stock 1985/90 of Oldham International Limited. Particulars of the Stock are available in the statistical service of Extel Statistical Services Limited and may be obtained up to 19th April, 1976, from:—

Rowe & Pitman, Hurst-Brown  
First Floor,  
City-Gate House,  
39/45 Finsbury Square,  
London EC2A 1JA.

6212100000











Prices do not include 5 premium, where applicable, and are in penny unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. A Offered price includes all expenses. B Today's price is based on offer price. C Estimated. D Today's opening price. E Distribution free of U.K. taxes. F Offered price includes all expenses except agent's commission. G Offered price includes all expenses if bought through managers. H Not of U.K. origin.



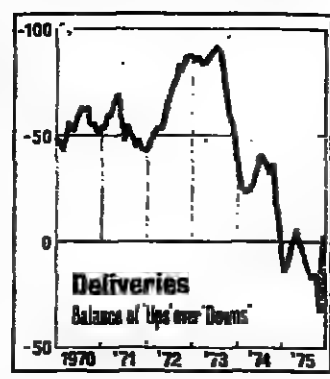
# FT Monthly Survey of Business Opinion

## COMPANY NEWS Lambert Howarth sales ahead

### GENERAL OUTLOOK

## Revival in confidence continues

THE REVIVAL in confidence about the state of the economy and prospects for individual companies which was so apparent last month has been given further weight by the latest survey. The all-industry indicator shows that over half the companies are now more optimistic than four months ago and under a tenth less optimistic.



Although the index is still at the highest level since summer 1973, it has slipped back fractionally during the last month. This is because of continued caution in the textiles and clothing sector where companies see little chance in the U.K. but are more hopeful about an improvement overseas.

The other two sectors interviewed—construction and building—have a more optimistic view of the overall situation, though to a lesser degree than the all-industry total. Indeed, the construction and building sector is less optimistic than it

was in November which reflects the poor prospects seen for industrial and public sector work, especially after the recent Public Expenditure White Paper. And this has offset the continued optimism about housebuilding.

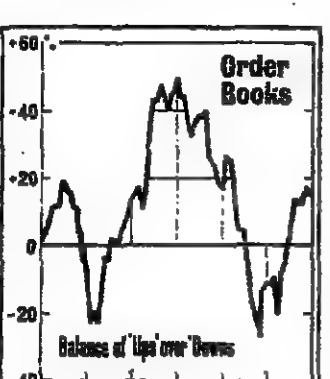
The latest survey does, however, confirm recent bullish reports about export prospects. All three sectors are more inclined to be optimistic than last November with building organisations, for example, mentioning Middle East work, and the fall in the value of sterling being cited by respondents in all areas.

The result is that the rise in the overall indicator of export prospects has accelerated with 55 per cent. of all respondents expecting higher exports over the next 12 months, compared with 49 per cent. in December.

### ORDERS AND OUTPUT

## More optimism on new orders

A MORE optimistic view is being taken all round on the trend in new orders and in future turnover. The four month moving total now shows that 29 per cent. of respondents report a rise in the trend of new orders over the period, compared with 18 per cent. at the time of the January survey. But two-fifths of all the all-industry sample have still experienced a declining trend in new orders in the past four months.



The improvement in orders has also begun to show through in the trend of deliveries with a net balance of the all-industry sample reporting a rise over the past four months, with a par-

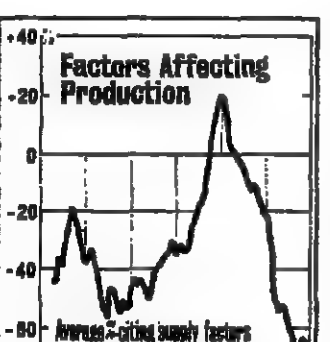
ticularly large increase for construction and building. All three sectors this month are also more inclined to expect an increase in output over the next 12 months. The index for the median expected rise has climbed from 3 per cent. to 4.3 per cent. since February.

The construction and building sector is again optimistic on this score, reflecting in part the upturn in private housebuilding, though the wide variations in ordering experience within this area are also shown by the proportion of respondents (14 per cent.) expecting a decline of between 5 to 8 per cent. in turnover in the next year.

### CAPACITY AND STOCKS

## Output levels increase

CONFIRMATION of a definite change of trend over the last few months is contained in the indicators of capacity working, production factors and stocks. Thus, the percentage of companies working at or above planned output levels among the three sectors covered this month has increased since last November, although still less than a tenth of the all-industry sample are working above target capacity (notably in the construction sector).



The beginnings of the upturn are also shown by the continued rise in the number of companies

expecting all types of stock-work in progress, raw materials and manufactured goods—to increase. This applies particularly to the first two categories, with nearly a half of all the respondents expecting a rise over the next 12 months.

The influence of demand factors on production has increased slightly, though a slightly worrying feature at this stage of the cycle, is the increased percentage of respondents mentioning shortages of executive staff, while over a fifth of the construction and building companies cited shortages of both skilled factory staff and manual labour.

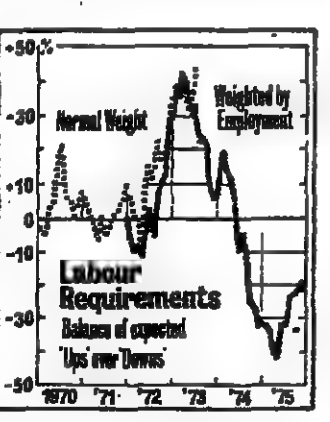
### CAPACITY WORKING

4 monthly moving total March 1976									
	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Above target capacity	9	7	6	5	22	4	—	—	—
Planned output	43	38	32	44	31	71	19	—	—
Below target capacity	47	54	58	47	47	25	49	—	—
No answer	1	1	4	4	—	—	12	—	—

### INVESTMENT AND LABOUR

## No impact on manpower needs

THE BEGINNINGS of a general economic recovery have yet to make any impact on manpower needs. Indeed, after a tendency for the net deficit between "ups" and "downs" to improve over the last six months, there has been a slight deterioration in the four monthly moving total in March. Just over two-fifths expect a fall in the labour force over the next year, and only a fifth a rise in numbers employed.



However, among the three sectors covered this month a striking feature is that building and construction is more inclined to expect an increase in its labour force than last November with a clear net balance envisaging a

rise. This presumably reflects the upturn in the housebuilding sector. In contrast, the possibly duller immediate prospects in the other two sectors are shown by the fact that they both expect a fall.

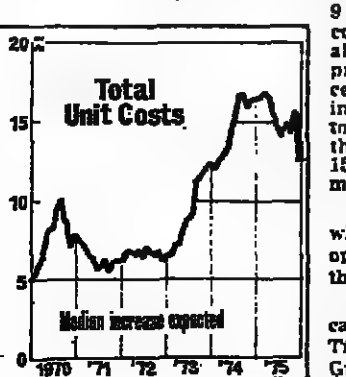
A more optimistic view, however, is being taken on capital investment and this indicator is at its highest level for 18 months, principally because of the high proportion (94 per cent.) in the food and tobacco sector expecting a rise not only in value but also in volume. Overall, it is still only a minority of companies which are projecting an increase in spending in real terms after adjusting for inflation.

### COSTS AND PROFIT MARGINS

## Deceleration in unit costs rise

INDUSTRY CONTINUES to be generally more optimistic about inflation with no sign yet of any reaction to the impact on costs of the recent fall in the sterling exchange rate. This applies particularly to unit costs where the median forecast rise is at its lowest level for two years, and

a similar trend is indicated by the recently published official wage and earnings figures. The price picture is similarly encouraging with the median expected rise edging down from 13.2 to 12.1 per cent. A feature is the large proportion of respondents (62 per cent.) in the textiles and clothing sector who expect a rise of between 5 and 9 per cent. This reflects the tight competition in this area which also shows up in the figures on profit margins where some 73 per cent. of the companies replying to remain about the same over the next 12 months and only 15 per cent. expected an improvement.



The three sectors taken as a whole, however, took a more optimistic view about margins than last November. The trend is more marked than with wages:

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives about their companies' situation and prospects. Three industries and some 30 companies are covered in turn

every month from a sample based upon the FT-Actuaries Index, which accounts for about 60 per cent. of the total turnover of all public industrial companies. The weighting is by market capitalisation, save where an alternative weighting is specifically mentioned.

The all-industry figures are four-monthly moving totals, covering some 150 companies in 11 industry groups (mechanical engineering is surveyed every second month).

### GENERAL BUSINESS SITUATION

4 monthly moving total March 1976									
Are you more or less optimistic about your company's prospects than you were four months ago?	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
More optimistic	51	52	41	34	42	42	4	—	—
Neutral	40	40	47	45	36	58	81	—	—
Less optimistic	9	8	12	19	22	—	15	—	—

### EXPORT PROSPECTS (Weighted by exports)

4 monthly moving total March 1976									
Over the next 12 months exports will be:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Higher	85	77	72	69	79	88	93	—	—
Same	12	13	11	10	15	—	7	—	—
Lower	3	9	14	17	6	12	—	—	—
Don't know	—	1	3	4	—	—	—	—	—

### NEW ORDERS

4 monthly moving total March 1976									
The trend of new orders in the last four months is:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Up	28	19	16	20	38	54	15	—	—
Same	21	28	16	15	25	17	12	—	—
Down	40	48	56	55	37	4	73	—	—
No answer	11	13	12	10	—	25	—	—	—

### PRODUCTION/SALES TURNOVER

4 monthly moving total March 1976									
Those expecting production/sales turnover in the next 12 months to:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Rise over 20%	2	2	1	1	—	2	—	—	—
Rise 15-19%	1	1	1	1	—	—	—	—	—
Rise 10-14%	13	12	5	2	18	8	—	—	—
Rise 5-9%	26	18	18	12	31	34	15	—	—
About the same	50	52	53	52	22	54	73	—	—
Fall 5-9%	2	1	4	4	14	—	—	—	—
Fall over 10%	—	1	4	5	—	—	—	—	—
No comment	4	13	17	18	15	2	12	—	—

### STOCKS

4 monthly moving total March 1976									
Raw materials and components over the next 12 months will:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Increase	48	42	35	24	54	39	73	—	—
Stay about the same	35	39	42	56	31	44	27	—	—
Decrease	16	14	14	14	15	17	—	—	—
No comment	1	5	5	4	—	—	—	—	—

### FACTORS CURRENTLY AFFECTING PRODUCTION

4 monthly moving total March 1976									
	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Home orders	86	86	87	92	99	97	98	—	—
Export orders	59	57	54	58	89	46	11	—	—
Executive staff	11	18	10	4	14	—	—	—	—
Skilled factory staff	4	2	4	4	22	—	58	—	—
Manual labour	2	—	—	—	22	—	4	—	—
Components	5	8	9	15	—	11	—	—	—
Raw materials	6	11	9	7	4	—	15	—	—
Production capacity (plant)	6	5	4	1	14	—	—	—	—
Finance	5	5	5	4	—	—	—	—	—
Others	8	7	9	3	—	—	11	—	—
Labour disputes	5	5	7	13	—	—	—	—	—
No answer/no factor	3	2	2	1	—	3	11	—	—

### LABOUR REQUIREMENTS (Weighted by Employment)

4 monthly moving total March 1976									
Those expecting their labour force over the next 12 months to:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Increase	19	18	16	9	35	7	7	—	—
Stay about the same	40	45	47	60	40	34	26	—	—
Decrease	41	37	37	31	25	59	67	—	—

### CAPITAL INVESTMENT (Weighted by Capital Expenditure)

4 monthly moving total March 1976									
Those expecting capital expenditure over the next 12 months to:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Increase in volume	25	23	35	36	9	54	1	—	—
Increase in value but not in volume	30	18	13	4	65	21	71	—	—
Stay about the same	7	11	12	18	17	—	—	—	—
Decrease	38	48	39	40	9	25	28	—	—
No comment	—	—	—	—	—	—	—	—	—

### COSTS

4 monthly moving total March 1976									
Wages rise by:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
0-4%	1	1	—	—	—	—	—	—	—
5-9%	9	8	6	6	8	—	—	—	—
10-14%	43	43	50	51	44	56	4	—	—
15-19%	39	36	33	31	29	17	—	—	—
20-24%	1	4	4	4	—	—	—	—	—
25-29%	—	—	—	—	—	—	—	—	—
30%+	2	2	2	—	—	—	—	—	—
Same	1	1	1	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—	—	—
No answer	13	5	4	8	18	27	69	—	—

### PROFIT MARGINS

4 monthly moving total March 1976									
Those expecting profit margins over the next 12 months to:	Dec. Mar.	Nov. Feb.	Oct. Jan.	Sept. Dec.	Constrn. & Bldg.	Food & Textiles	Clothing	%	
Improve	34	27	25	21	44	42	15	—	—
Remain the same	22	21	25	30	34	37	73	—	—
Contract	42	47	42	42	22	21	12	—	—
No comment	2	5	8	7	—	—	—	—	—

SALES of shoe and slipper makers, Lambert Howarth Group, for January and February 1976 were 10 per cent. greater than for the corresponding period of 1975, but the level of demand and turnover for the remaining months cannot yet be assessed, because customers at present have not indicated total requirements.

Mr. C. L. Howarth, chairman, finds it impossible, therefore, to make a profit forecast, but assuming a reasonable level of demand is maintained, he believes the group will be able to accept all trading opportunities that arise and achieve a satisfactory result.

As reported on March 16, pre-tax profits for 1975 rose from £503,158 to £511,593 and the net dividend is 2.81p (3.44p).

The chairman, considering the results "very satisfactory". The four operating companies all continued to make their appropriate contributions to group profits.

There was little change in the trading pattern from the previous year, when the chairman reported the difficulty in anticipating cost increases in the presence of statutory price controls and pressure on margins.

Total export sales amounted to £288,000, some 9 per cent. of turnover. This shows the progress made in recent years in this direction, points out Mr. Howarth—as recently as 1971 the figure was £288,000 or 4 per cent. of turnover.

Net assets employed, increased to £2,286m. in the previous year while the issued share capital stood at £500,000 (£564,330) and the total of reserves at £1,411m. (£1,221m.).

The group is a substantial supplier of footwear to Marks and Spencer, and this year will have completed a 50-year association. Meeting, Burnley, April 27, noon.

As announced on March 5 p.m. profit fell from the 1974 level of £451,000 to £255,000 in 1975, but to a lower price for rubber and palm.

Mr. John stresses that there is no comparison between price from rubber in the two years.

In 1974 there was a profit from Sungei Krian of £227,000, a tax loss of £227,000 in the six months to January 31, 1976, compared with profits of £196,000 last year. Turnover was \$4.7m. against \$4.5m.

Consideration of an interim dividend has been deferred until the year's end. In 1974-75 an interim dividend of 10p per share was followed by a final dividend of 10.5p. Pre-tax profits were \$271,197.

The directors say that trading profit and income for the year, despite the poorer than expected rubber price, was a record. A first half result could reach \$725,000 after depreciation and interest, which would produce a break-even result at the earnings level.

Apert from the engineering division, all U.K. divisions and April 27 at 12.30 p.m.

### RESULTS AND ACCOUNTS IN BRIEF

**ATKINSON PROPERTIES**—Results for 1975 already known. Properties valued at £8.1m. (£7.9m. at 1975 valuation). (Results include £1.5m. of interest income and £1.1m. of interest expense.) Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation). Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation). Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation).

**JARDINE JAPAN**—Investment Trust—Dividend 0.50p per share. Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation). Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation). Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation).

**MORTON BRITISH CANARIAN INVESTMENT TRUST**—Dividend 0.50p per share. Net asset value for 1975 £8.1m. (£7.9m. at 1975 valuation). Net



# "WE APPROACH OUR HALF CENTURY WITH IMPRESSIVE RESOURCES... A STRONG BRITISH BASE AND A GLOBAL SPREAD OF BUSINESS"

Mr Rowland Wright, Chairman of ICI



ing stockholders at the 49th Annual General Meeting of Imperial Chemical Industries Limited, held in London on April 2nd, the Chairman, Rowland Wright, said:

"The meeting takes place in our fiftieth year, ICI having been incorporated in December 1926. Some of our stockholders have held their stake in the company ever since that date, and have seen for themselves how ICI has grown in strength and stature to become one of the world's principal chemical companies. We approach our first half-century with impressive resources. While we have a strong British base, we have established a global spread of business, and we have developed a broad and well-balanced range of products, backed by advanced technology."

**Relations**  
To work for us, I am happy to say, is good evidence that industrial relations can be one long story of militancy and standing. In the normal way, the management of ICI has many opportunities to meet face to face and to hear their views but in addition over the past year, I have made a special effort to discuss informally groups of employees - at all levels - a of topics affecting them and our business. These were frank and stimulating discussions which took place at many of our plants, both at home and abroad, and I found in talking with and listening to thousands of our people. I found courage in their attitude and in the well-being of ICI."

**Year**  
1975 has helped us to come through 1975 as we did. Let me remind you that it was not a testing year. I do not think we realise that by the second quarter, chemical production had fallen by no less than 10 per cent in the course of just over a year - a fall that we had learnt to expect ever since the first half of 1975. The fall in the three great trading areas - the United States and Japan - actually chemicals were particularly hard hit. There was some recovery in the third quarter, but the fall in the value of our sales, with the price being more than offset by price increases, these price increases were not over the very large rise in our costs. Before taxation and grants fell by more than £327 million. After the excellent 1974 this was a setback, but it was a setback that was less severe than profit falls suffered in parts of the world chemical industry. It treated a degree of resilience which, I believe, for the soundness of our

business we did well to achieve a 5 per cent rise in the value of our sales, with the price being more than offset by price increases, these price increases were not over the very large rise in our costs. Before taxation and grants fell by more than £327 million. After the excellent 1974 this was a setback, but it was a setback that was less severe than profit falls suffered in parts of the world chemical industry. It treated a degree of resilience which, I believe, for the soundness of our

all-balanced product range could more clearly. As it was, although serious downturn in fibres, plastics, other degree, petrochemicals and chemicals, the effect of that was lessened in some basic inorganic fertilisers, crop protection products, chemicals. This is not to say that we

are content to sit back and see any part of the business suffer losses, as our fibres interests in both the United Kingdom and Continental Europe did last year. We are determined to achieve an improved return from our investments in this sector."

**Breadth of Operations**  
We grew strength from the geographical breadth of our operations. While results in Continental Europe and the United States were disappointing, results in Canada were outstanding, and in India, Malaysia and some businesses in the United Kingdom they were better than might have been expected in a world recession. The value of our exports from the United Kingdom fell from the record level of 1974, but we were able once again to make a significant contribution towards the country's balance of payments; this time of £350 million."

"ICI's international dimension is the result of much hard work and planning over many years. For a company such as ours, based on high technology, it is not an option but a necessity. Chemical plants can only be competitive when built on a large scale, and they therefore need extensive markets to absorb their output. We must also be in a position to spread our considerable research costs over the largest possible volume of sales. This is why we seek out opportunities right across the world to capitalise on our technology, experience and commercial drive. In turn, this creates opportunities for new industries and new skills in our host countries. A great deal of nonsense is talked about international companies, and I will not burden you with a detailed account of our own policies and practices overseas. However, I should like to emphasise that in general our overseas subsidiaries stand on their own feet, manage their own affairs and develop their own managerial talent. One aspect of this may be of interest to you. Earlier this week the English chairman of our group of companies in India retired, and that leaves one - just one - European among the hundreds of ICI managerial staff there."

**Creation of Wealth**  
"In every country where we have manufacturing interests, our business is to create wealth by adding value to the raw materials we buy. The wealth created by industry is not for the benefit of a few. It is the bedrock on which security of employment stands, and the source - the only source - from which major social improvements

can flow. This simple fact needs to be widely understood and for this reason we have presented in the Annual Report a statement of the year's results in terms of value added. This shows that the total wealth created by ICI in 1975 approached £11 thousand million. What happened to this very large sum? More than half was paid out in employee benefits, mainly in wages and salaries. A fifth was needed to cover our tax bills and to remunerate the providers of capital - yourselves, the ordinary stockholders; our loan and preference stockholders; and minority shareholders in subsidiaries. The remainder - some £300 million - was retained for reinvestment in the business, supplying about three-quarters of the money required for new fixed assets, additional working capital and new investments. The balance came from additional borrowings, principally to finance overseas projects. May I say in passing that we were particularly pleased with the success of our \$100 million public borrowing in the United States. As part of that operation, America's two foremost rating agencies made a very thorough examination of ICI's performance and prospects, and we became the first non-US industrial company to be awarded the top rating, triple-A."

**Capital Expenditure**  
"We maintained our capital programme throughout 1975, despite the recession. Total expenditure on fixed assets and increased working capital came to more than £400 million, and we sanctioned another £390 million - well over half of it for plants in the United Kingdom. In 1976 we expect to maintain broadly the same levels, with sanctioning at some £360 million and expenditure at more than £400 million; in addition, we expect to spend over £80 million on the Ninian oilfield."

The Group in 1975 (1974 figures in brackets)		
	£ million	
Sales	3,099	(2,955)
Profit before tax	327	(455)
Exports from the UK (f.o.b. value)	586	(636)
Assets employed	2,748	(2,412)
Expenditure on fixed assets (new plant)	332	(199)

"This is a large programme: even when inflation of costs has been allowed for, this year's expenditure will show an increase on last year's in real terms. But we are confident that it should be undertaken. Our confidence springs from our past performance and from our present determination to regain the level of profitability we achieved in 1974. The Group return on assets in 1975, less than 15 per cent, was far from satisfactory, and we must look for a return much higher than this if we are to sustain our growth in real terms."

**Impact of Inflation**  
"To achieve this, the first requirement will be to remain competitive. As an international company, we compete against similar companies in the world chemical market, and for too long we have had to do so while suffering, in Britain, one of the world's highest inflation rates - currently double that of West Germany, for example. The impact of inflation is a familiar story to every household in this land, but let me pick out one fact that may be less familiar to you. Since 1970, the cost of constructing chemical plants has more than doubled, and in 1975 it was 28 per cent higher than in the previous year. Inflation also brings with it an increased demand for extra working capital. We shall need £200 million more this year than in 1975, which means that much less will be available for new fixed assets."

"Inflation can also mislead us about how well we are doing. You will see in our Accounts an inflation-adjusted statement. It is based on

Current Purchasing Power but would not be significantly different, we believe, if computed on the Current Cost Accounting method which was recommended by the Sandilands Committee, and which we expect to adopt. These figures contain a message that cannot be ignored. Nothing is more vital and urgent for Britain today than a drastic reduction in the rate of inflation, and we strongly support the Government's efforts to achieve this."

**Open Consultation**  
"Our competitiveness also depends on our own efforts to improve the effectiveness of the business in every aspect, from research to plant utilisation, from marketing to energy usage. As part of this process, we have been continuing, particularly in the United Kingdom, to look closely at the value of products produced and sold per person employed. This is still significantly lower than the figures achieved by our chief overseas competitors; higher output per person employed is one of our top priorities and must be a subject of continuing discussion with our employees. We believe that decisions affecting the future of those who work for us should be made on the basis of facts openly displayed and openly discussed with them, and in ICI we have the machinery for doing this. Our consultation processes have been evolved over the course of fifty years and from the outset they have involved all levels, including the ICI Board. We are constantly seeking to improve and extend them in response to changes in our industrial society and, by building on a well-established base, to ensure that whatever arrangements we arrive at have two great merits: they are realistic, and they are practical. There is a saying that an ounce of practice is worth a ton of theory, and I think this should be borne strongly in mind wherever there is a tendency to talk in theoretical terms about what has come to be called industrial democracy."

**Management Team**  
"1975 proved to be a particularly demanding year for all our employees world-wide, and it is reassuring that during such a difficult period industrial relations throughout the Group remained generally good. I would, however, like to make special mention of our management team in the United Kingdom. They, like their colleagues overseas, have had to face successfully the twin problems of recession and inflation, but at the same time have seen their living standards fall disproportionately to that of other employees: comparisons with their counterparts overseas only add to this unfavourable outlook. It is a prime concern of your Board that, if our Company is to be led in the dedicated way we need and expect, our managers should feel that their efforts are appreciated and recognised."

**Prospects for 1976**  
"I have given you a brief review of ICI in 1975 - a year of difficulties and disappointments, undoubtedly, but also a year in which our strengths were fully tested and not found wanting. Let me now give you some indication of how we see 1976."

"The marked improvement in the volume of sales, partly due to the effect of restocking, which we saw in the last quarter of 1975 has continued. So far this year, sales outside the United Kingdom, including exports, have been running at distinctly higher levels compared with the same period last year. In Continental Europe recovery is continuing, and from many of our other overseas interests there is confirmation that the world economy has passed the trough of the recession, with expectations of growth for the remainder of the year. Forecasts for world chemical production indicate output levels about 11 per cent higher than in 1975, but our own assessment of the United Kingdom's chemical production suggests a very much lower level than this. The eventual outcome for the year will,

therefore, be heavily dependent on our overseas performance."

"All this gives grounds for moderate optimism, but I have also to sound a note of caution. Firstly, it will be in the national interest for Government to restrain United Kingdom demand. Secondly, the falling value of sterling, whilst assisting exports, will add to our bill for imported raw materials and intermediates: and even without the sterling factor we face still escalating prices for naphtha - the oil fraction which is the key raw material for petrochemicals, plastics, fibres, and many other products. Finally, we must press for higher selling prices if we are to recover these higher costs and, in conjunction with our drive for improved operating efficiency, achieve the improvement in profits to which I have already referred."

"Much will depend on the success of the Government's anti-inflation strategy; there is a long way to go and I firmly add my voice to those who say, as I believe the vast majority of people in Britain now do, that this is our highest national priority. We also look to Government for a strong lead in fostering a healthy economy by allowing industry the freedom to operate successfully and profitably."

"A strong line on inflation, a climate in which industry can grow and prosper: we can justifiably look to Government for these. What no-one should expect, from any government, is the creation out of thin air of the money to make reality of expectations. There are plenty of expectations, and very laudable ones; we all want to see an end to unemployment, poverty and hardship, we all want to see new homes, hospitals and schools built, better provision made for old age and infirmity. There is no lack of hope and compassion in our society, but I only wish that it was accompanied by a more widespread recognition that higher standards of living must come from the wealth created in the country's factories, workshops and laboratories. Those of us who work in industry have a job that becomes increasingly more difficult and complex. If we sometimes complain, it is because we hear so much criticism, much of it ill-informed, about industry and so little about the indispensable role it plays."

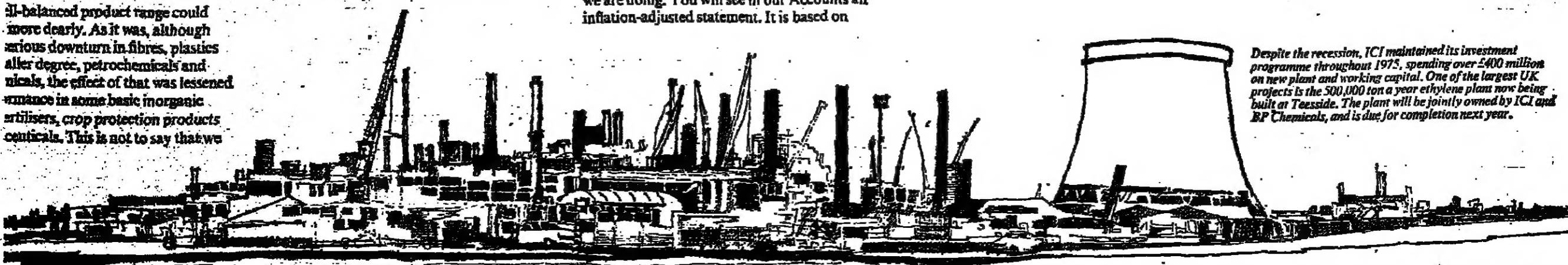
**Directorate**  
"There are a few items concerning the Board which I must bring to your attention. Let me say first how deeply shocked we were by the death in January of Sir Ronald Edwards. He had been a non-executive Director since 1969, and we valued him both as a friend and a colleague; he is greatly missed."

"Three new Directors have been appointed since our last Meeting. Mr A. A. Jarrett, Chairman and Chief Executive of Reed International Limited, joined us in September as a non-executive Director. Mr F. J. K. Hillebrandt, the Company's Treasurer, and Mr J. R. Ibbes, General Manager responsible for planning, were appointed as executive Directors a month ago. Earlier this week, we lost on their retirement the services of Mr Frost, our Finance Director, and Mr Townsend, who has been particularly concerned with our business in Continental Europe. Both have rendered long and valuable service as executive Directors."

**Tribute to Employees**  
"Lastly, I know you will want to join me in thanking our employees all over the world for their efforts over the past year. Recession and inflation put heavy demands on them, but in their response to these demands they showed, yet again, that ICI's people are its greatest strength."



Despite the recession, ICI maintained its investment programme throughout 1975, spending over £400 million on new plant and working capital. One of the largest UK projects is the 500,000 ton a year ethylene plant now being built at Teesside. The plant will be jointly owned by ICI and BP Chemicals, and is due for completion next year.









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## CBI optimistic about export-led recovery

BY ADRIAN HAMILTON

THE CONFEDERATION of British Industry remains optimistic that a potentially sustainable export-led recovery is now underway, in contrast with the gloomy predictions by the Cambridge group and others.

According to the CBI's latest economic situation report for the end of March, there are now "more realistic opportunities for a soundly based and therefore sustainable recovery from recession than in recent years."

It bases its view on mounting evidence from its monthly and quarterly trends inquiries that the revival in output on this occasion is being engineered by a combination of export demand and the end to de-stocking rather than a reflation of domestic demand.

Given a continuing limitation of domestically induced inflation and success in containing wage rises over the coming years, the CBI believes that this development could result in a soundly based export-led recovery, with expansion and resulting deflation of previous peaks in the business cycle.

## Shipowners stress need to lower prices

BY JOHN WYLES, SHIPPING CORRESPONDENT

BRITISH SHIPPING industry leaders have advised the Government that the gap between shipbuilding prices in Britain and abroad must be bridged before a steady flow of orders from British shipowners becomes likely.

Representatives of the General Council of British Shipbuilding stressed this point to Department of Industry and Department of Trade officials last week during talks which are a preliminary to full tripartite discussions involving British shipbuilders, the State corporation which will run shipbuilding after nationalisation.

The aim is to try to define the work needs of individual shipyards and to determine how these might be matched to suit the requirements of British shipowners. The Government is pinning its hopes that a large scale run-down of British shipbuilding over the next 18 months can be avoided by attracting a sufficient volume of orders from British owners.

But only a handful of owners are likely to buy British unless home prices can match

foreign competition. In most cases the lowest quoted price has been coming from Spain and the Government is apparently hoping that the price gap, amounting to nearly 40 per cent, for some ships, will be narrowed following understandings reached last week at the Organisation for Economic Co-operation and Development.

Details of the guidelines agreed by the OECD shipbuilding countries have not yet been published, but the general commitment to reduce shipbuilding capacity, announced after the meeting, is thought unlikely to prevent the British Government trying to maintain Britain's shipbuilding at its present level if it decides to do so.

A flow of orders from British shipowners would greatly help to keep the yards ticking over. Traditionally about 95 per cent of new orders have come from 75 per cent of Britain's building capacity. But such were the attractions of foreign prices last year that little more than 6 per cent of British orders were placed with home yards.

## Danish yard reassured

BY HILARY BARNES

COPENHAGEN, April 4

AALBORG Shipyard has received satisfactory guarantees against losses on four refrigeration ships built for the Israeli Maritime Shipping group Maritime Fruit Carriers, according to sources here.

Two of the ships were impounded last month in the German port of Hamburg and Rouen in France, respectively. But after negotiations in Copenhagen, the ships, chartered by the Swedish shipping line Salén, were allowed to sail on Friday evening.

The sources refused to give details of the arrangement. The guarantees were reportedly provided by foreign banks which persuaded the yard not to press its case. These guarantees were sufficiently sound for the Danish Ship Mortgage Institute and the Export Credit Council to agree to a moratorium on further payments until the end of August.

The two ships were arrested because Maritime Fruit failed to pay instalments on the vessels last November. The total outstanding on the four ships is Kr.125m. (about £10.8m.).

The Danish authorities were under strong international pressure to come to an understanding with Maritime Fruit. The British Government was among those which made representations to the Ministry of Commerce here.

It was feared that if the Danes pressed their case, other creditors would be forced to the same, causing Maritime Fruit liquidation. This would have widespread repercussions for both world shipping and shipbuilding.

The sources stressed, however, that the shipyard and the other Danish interests have not backed down without getting the kind of guarantees they were looking for before the ships were held.

## Weather

**U.K. TO-DAY**  
MOSTLY bright or cloudy, with rain or showers. Wind, S.W. London, S. Cent. S. and E. England, E. Anglia, E. Midlands, Channel Is.  
Bright, sunny, becoming cloudy. Some rain. Wind, W. moderate or fresh. Max. 9C (45F).  
W. Midlands, S.W. N.W. and (cent. N. England, Wales  
Cloudy, some rain. Wind, fresh or strong. Max. 9C (45F).  
Lakes, I. of Man, N.E. England, Borders, Edinburgh and Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands.

### BUSINESS CENTRES

City	Temp	Wind	Cloud
Amsterdam	17	W	Cloudy
Brussels	17	W	Cloudy
Frankfurt	17	W	Cloudy
Geneva	17	W	Cloudy
London	17	W	Cloudy
Madrid	17	W	Cloudy
Munich	17	W	Cloudy
Paris	17	W	Cloudy
Rome	17	W	Cloudy
Stockholm	17	W	Cloudy
Switzerland	17	W	Cloudy
Vienna	17	W	Cloudy
Zurich	17	W	Cloudy

### HOLIDAY RESORTS

City	Temp	Wind	Cloud
Amsterdam	17	W	Cloudy
Brussels	17	W	Cloudy
Frankfurt	17	W	Cloudy
Geneva	17	W	Cloudy
London	17	W	Cloudy
Madrid	17	W	Cloudy
Munich	17	W	Cloudy
Paris	17	W	Cloudy
Rome	17	W	Cloudy
Stockholm	17	W	Cloudy
Switzerland	17	W	Cloudy
Vienna	17	W	Cloudy
Zurich	17	W	Cloudy

## EEC Ministers to hold session on Budget

BY REGINALD DALE

LUXEMBOURG, April 4

EEC Foreign and Finance Ministers are to hold a joint session here to-morrow for the first time to try to agree on the political priorities for next year's Community Budget. One of the aims is to avoid the traditional bickering over the different budgetary sections when detailed proposals for 1977 come up for discussion later in the year.

The Ministers will be looking at a Commission Paper which outlines the main areas for spending next year, but contains few precise figures, mainly because it is not yet possible to make forecasts for agricultural expenditure, which accounts for the major part of the EEC Budget.

What will emerge from to-morrow's meeting is far from clear. The British and German Governments see the exercise as part of a new attempt to keep tight control on EEC spending and ensure that it is politically justified. But any attempt to put ceilings on agricultural expenditure, for example, would be strongly resisted by France.

### Penalised

One major item the Ministers will try to settle is the Community's planned external expenditure next year, in particular financial aid for its South European and Arab neighbours. The hope is that the Foreign Ministers, who meet separately here on Tuesday, will then be able to agree detailed proposals for aid to Greece, Portugal, Turkey and the four Moslem countries—Egypt, Lebanon, Syria and

Jordan—which have been hanging fire for many months.

## Leyland threat lifts as SU men end three-week strike

BY KEITH LEWIS

A MAJOR threat to British Leyland car production, due to be a major topic for discussion in this week's session here of the European Parliament. The Parliament is likely to be extremely upset by the failure to agree on the size of the new Assembly after it starts to be directly elected in 1978—despite continued appeals from European MPs for a clear decision. The original May/June 1978, is now looking less and less realistic.

Editorial Comment, Page 12

Mr. George Regan, strike committee chairman, said: "We are responsible people and certainly do not want to cause further hardship to the thousands of British Leyland's workers."

Mr. Ken Cope, AUEW district secretary, said they had made the decision "with dignity" after agreeing they had gone as far as they could.

Negotiations are to follow which, under the pay policy, are restricted to increases of 3.5 a week payable from April 1.

Meanwhile, one more Leyland strike remains unresolved. This involves 70 toolroom workers who have been out from the Dreads Lane suspension plant since last Wednesday in support of demands for an extra £10 a week to give them parity with staff-rated toolroom demonstrators.

Like the SU men's demand, theirs would appear to be a clear breach of the pay policy which, as well as limiting the strike to 28 a week increase, stresses there must be at least 12 months between rises. For the Dreads Lane men, it means they must wait until October.

Output of suspension units has been unaffected so far, but the impact of the strike is likely to be felt as mechanics break down. Ultimately, production of front wheel drive Austin-Morris models could be hit.

Earlier last week the SU strikers defied the instructions of their union—the Amalgamated Union of Engineering Workers—to call off the strike because their demands were in breach of the union's declared support for the Government's counter-inflation pay policy.

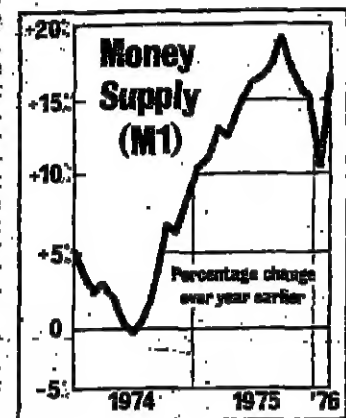
But on Saturday, they reluctantly accepted that there was no chance of success with their demand for pay increases back-dated to December.

## THE LEX COLUMN

## Funding the next deficit

The Chancellor's Budget speech is not going to be coy about the encouraging trends within the U.K. economy. It will dwell at some length on the contrast between the rate of price and wage inflation now and 12 months ago, on the improvement in the trade balances, and on the early signs of economic recovery. It will even have something to say about the public sector borrowing requirement, since the figure for 1975-76, 3.6 per cent, is going to look anything like as steep as seemed possible a few months ago; it could be roughly a tenth below the £12m. mooted in January's letter to the IMF.

Yet the security markets have become distinctly hesitant ahead of the Budget message. The All-Share Index and the 20-year Government Stock Index stand 6 and 8 per cent, respectively, below their end-January peaks, and the 30-Share Index closed on Friday at the lower end of the range between 388 and 418 where it has been trading for nearly three months. The main worry about the Budget concerns how a deficit on the scale which seems likely in the coming year can be accommodated, within a period of cyclical economic recovery.



**Savings ratio**  
The IMF letter deliberately left room for the PSBR to rise to £12bn. in 1976-77, and most early estimates focus somewhere around that figure: some go above. Over the last year or so, the impact on purchasing power of a deficit on this scale has largely been offset by the private sector's determination to build up its financial assets. An analysis in the latest Midland Bank Review shows that as a proportion of disposable income, the acquisition of financial assets by the private sector during the 12 months to last September reached a level unprecedented in the last decade, and suggests that the ratio has risen even further since then.

But the Chancellor also promised the IMF that he would restrain "excessive" monetary expansion, and no one has forgotten the way that after the money supply started to accelerate, interest rates were pushed up last summer in order to provide a base from which to launch a gilt-edged sales campaign. While public spending continues to rise in real terms, this threat will cast a growing shadow over gilt and, also, given dividend restraint and the size of the yield gap, over equities.

There is very little that the Chancellor can say to-morrow to remove this threat. Even the optimists, and there are one or two, who are expecting a significantly lower borrowing requirement in 1976-77, also concede that any such project is still, a heavy borrower. The

1974-75 to lag we market: Atlantic, lems reflect its Par — equivalent quarter of net we — and the shares, just over a fifth, high.

The group is a slimmer than it was, managing many and Prosper unit ing on a research basis — and total management are £250m., compare £400m. a couple. The link with A produce any sud new funds, but t lead to longer-term particularly in the on the Continent, changes have n hiccup in pette, apparently show growth over the 1 two, who are expecting a sig- and are expected shown what can happen to the money supply if gilt salesmen, in 1976-77, also reflect a p/e of 1 still, a heavy borrower. The tions in the Financial Statement an element of goo

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